

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	§	
	§	
CYRUS II, L.P., BAHAR DEVELOPMENT, INC., and MONDONA RAFIZADEH	§	Jointly Admin. Under Case No. 05-39857-H1-7
	§	
Debtors.	§	(Chapter 7)
	§	
	§	
RODNEY D. TOW, AS THE CHAPTER 7 TRUSTEE, <i>ET AL.</i>	§	Adversary Proceeding No. 07-3301
	§	
Plaintiffs.	§	
	§	
v.	§	
	§	
SCHUMANN RAFIZADEH, <i>ET AL.</i> ,	§	
	§	
Defendants.	§	

**DEFENDANT SCHUMANN RAFIZADEH'S POST HEARING BRIEF IN SUPPORT OF  
REQUEST FOR DISCOVERY RELATED TO DOUBLE RECOVERY ON THE PROOF  
OF CLAIM FILED BY ORIX CAPITAL MARKETS, LLC (DOC. 425)**

On May 15, 2008, the Court conducted hearing to determine whether the Defendants are entitled to conduct discovery related to double recovery on the proof of claim filed by Orix Capital Markets, LLC as servicer on behalf of Wells Fargo Trustee for the MLMI 1999 C-1 Mortgage Pass Through Certificates. At the conclusion of that hearing, the Court requested the parties to submit post-hearing briefs on the following issues:

**Question No. 1**

Under the REMIC tax code provisions and regulations, and/or the PSA, what happens if there is a recovery in excess of 100% of principal, interest and expenses?

**Question No. 2**

Under the Remic tax code provisions and regulations, and/or the PSA, how are amounts recovered in excess of the written down value of the asset treated?

The following is Schumann Rafizadeh's post-hearing brief on these two issues.

## Table of Contents

Table of Contents .....	2
Short Answer .....	3
Question No. 1 .....	3
Introduction – The Tax Code Prohibits “Over-Recovery”, and the PSA Forbids It.....	3
REMIC Background – a REMIC Cannot Make Money .....	4
REMIC and the PSA Strictly Regulate how the Entity Handles Money .....	5
Discovery is Needed to Determine the Credit Required by REMIC and the PSA .....	9
Question No. 2 .....	10
Introduction – Recovery up to the Value of the Note is Passed to Certificateholders.....	10
Appraisal Reduction Was Used to Hide the True Value of the Loans .....	11
PSA Accounting for Receipt and Distribution of Funds to Certificateholders.....	13
Servicing Advances are Loans from Orix.....	14
Lee Hall Foreclosed on in 2001, with REO Property Retained .....	15
Distribution Reports for the Year 2001 indicate REO Property .....	16
Tax Return for the Year 2001 Shows NO REO Property in 2001 .....	17
Distribution Reports for the Year 2002 .....	19
Tax Return for the Year 2002 does NOT Show the Income from REO or Sale.....	21
Distribution Reports for the Year 2003 – More Advances .....	23
Tax Return for the Year 2003 – Again No REO Income or Sale .....	23
Distribution Reports for the Year 2004 –Sales Proceeds NOT Disclosed.....	24
Tax Return for Year 2004 – NO Income or Loss Reported for REO property .....	29
Arlington – Same Improper Treatment.....	30
Summary .....	33

### Short Answer

1. Question No. 1: Amounts collected in excess of 100% of principal, interest, and expenses constitute “prohibited income” under REMIC tax rules, which would be taxed at the rate of 100%.<sup>1</sup>

2. Question No. 2: Amounts collected in excess of written down value of assets do not necessarily constitute “prohibited income” so long as such amounts are distributed to the certificate holders. Here, we will show that Wells Fargo and Orix, have collected such amounts but have failed to distribute the funds to the certificate holders, thereby violating the terms of the PSA and creating prohibited income.

### Question No. 1

*Under the REMIC tax code provisions and regulations, and/or the PSA, what happens if there is a recovery in excess of 100% of principal, interest and expenses?*

### Introduction – The Tax Code Prohibits “Over-Recovery”, and the PSA Forbids It

3. The answer to this question is simple: 1) any excess recovery is taxed at 100%, and 2) By over collecting Wells Fargo as Trustee and Orix as the special servicer violate the capacity created by their own trust agreement.

4. A REMIC is permitted to hold only two kinds of assets: “qualified mortgages” and “permitted investments.” A “qualified mortgage” is simply a note secured by real property (or an interest in another REMIC). A “permitted investment” is a temporary holding place for the proceeds of “qualified mortgages” before they are distributed to the certificate holders. If a REMIC receives income that is not from a qualified mortgage or a permitted investment, the

---

<sup>1</sup> Mr. Rafizadeh raised the affirmative defense of lack of capacity. Pursuant to the terms the trust agreement, the Trust may not collect “prohibited income”. Accordingly, Orix may not collect on its claim from the bankruptcy estate, and the trustee is limited in his ability to collect in this adversary proceeding.

income is taxed at 100%. Once a qualified mortgage is paid in full with interest, the obligation is discharged as a matter of law. Therefore, any money received by a REMIC in excess of 100% of principal and interest is, by definition, not income from a qualified mortgage, because the mortgage has been paid. Logically, the income must be attributable to some other asset, such as investment in litigation claims, unsecured loans, or other speculative investments. These kinds of investments are not qualified mortgages or permitted investments.

5. Since neither the drafters of the REMIC statute or regulations, nor the drafters of the PSA anticipated that a REMIC might collect more than is actually due on a qualified mortgage, this issue is not directly addressed. However, the conclusion that such an overpayment constitutes prohibited income follows from the sources described below.

#### **REMIC Background – a REMIC Cannot Make Money**

6. REMIC is an acronym for “Real Estate Mortgage Investment Conduit.” REMICs were created for the purpose of facilitating the securitizing of real estate mortgages. Typically, a REMIC is a trust which holds a pool of real estate mortgages and issues certificates to investors representing fractional interests in the entire pool. These certificates are publicly traded securities regulated by the SEC. In order to facilitate these transactions, Congress added §§ 860A to 860G to the Internal Revenue Code in 1986. These provisions allow REMICs to be treated as pass through entities. This means that qualifying REMICs do not pay federal income taxes like corporations. Instead, the income “flows through” to the certificate holders, who pay taxes on their share of the REMIC income as and when distributed. This results in substantial tax savings compared to the usual situation where a corporation pays tax on its earnings, and then when those earnings are distributed to shareholders a second tax is imposed at the



shareholder level. The Trade-off of the tax-free nature of a REMIC is that it is generally prohibited from doing business. It may only hold assets and pass through gains and losses.

### **REMIC and the PSA Strictly Regulate how the Entity Handles Money**

7. 26 U.S.C. § 860A(a) of the Internal Revenue Code of 1986, as amended<sup>2</sup>, specifically states that a REMIC is not subject to taxation. Rather, as stated above, the REMIC's income is taxable to holders of interests (i.e. the certificate holders) in the REMIC. I.R.C. § 860A(b).

8. As a condition for this treatment, the entity must qualify as a REMIC. There are two main requirements. First, all of the interests issued in a REMIC must be either "regular interests" or "residual interests." I.R.C. § 860D(a)(2).<sup>3</sup> A REMIC "regular interest" is defined as an interest which unconditionally entitles the holder to receive a specified amount of principal and interest. I.R.C. § 860G(a)(1)(A) and (B). Thus, a REMIC regular interest is the equivalent of a promissory note which likewise enables the holder to receive a specified amount of principal plus interest.

9. The PSA tracks the REMIC statute exactly. For example, the PSA Preliminary Statement on page 1 of the PSA states, as follows:

Each REMIC I Regular Interest will relate to one of the Mortgage Loans ... Each such REMIC I Regular Interest will have a remittance rate equal to the unmodified Net Mortgage Rate of the Mortgage Loan to which such REMIC I Regular Interest relates and an initial Uncertificated Principal Balance equal to the Cut-Off Date Balance of the Mortgage Loan to which such REMIC I Regular Interest relates.

In other words, the interest due on the REMIC I Regular Interest is equal to the interest due on the Mortgage Loan and the principal amount of REMIC I Regular Interest is equal to the principal amount of the Mortgage Loan.

<sup>2</sup> Hereafter all references to the Internal Revenue Code shall be denoted I.R.C. § \_\_\_\_.

<sup>3</sup> For purposes of this analysis, "residual interests" are irrelevant and will not be discussed further.

10. Hence, the REMIC I Regular Interest under the PSA is essentially a right to receive a fixed amount of principal and interest. The PSA defines the holder of a REMIC Regular Interest as a Certificateholder. A Certificate is defined aptly as a Mortgage Pass Through Certificate, Series 1999-C1. See PSA Definitions Pages 8-9. When this fixed amount due on the Certificate is paid in full with the proceeds of underlying qualified mortgages, the obligation is discharged and the Certificate is retired.

11. The second major requirement to qualify as a REMIC is that it is permitted to hold only “qualified mortgages” and “permitted investments.” I.R.C. §860D(a)(4). A “qualified mortgage” is defined as any obligation secured by an interest in real property which is properly transferred to the REMIC. I.R.C. §860G(a)(3). Obviously, the “qualified mortgages” are the mortgage loans held by the trust. As discussed more fully below, the trustee is required to collect the payments on the “qualified mortgages” and then pass those payments on to the holders of REMIC Regular Interests, who pay tax on the earnings. If holding “qualified mortgages” fulfills the basic aim of the REMIC, then why is a REMIC also entitled to hold “permitted investments”?

12. The phrase “permitted investment” is defined in I.R.C. §860G(a)(5) as either a cash flow investment, a qualified reserve asset or foreclosure property. The term “cash flow investment” is further defined in subparagraph (a)(6) as “any amounts received under qualified mortgages for a temporary period before distribution to the holders of interest in the REMIC.” Thus, the purpose of a permitted cash flow investment is simply to park funds received with respect to qualified mortgages until they are distributed. This definition is further expanded in the applicable regulations (Treas. Reg. 1.860G-2(g)(ii)(D)) as follows:

- (A) Payments of interest and principal on qualified mortgages, including prepayments of principal and payments under credit enhancement contracts described in paragraph (c)(2) of this section;
- (B) Proceeds from the disposition of qualified mortgages;
- (C) Cash flows from foreclosure property and proceeds from the disposition of such property;
- (D) A payment by a sponsor or prior owner in lieu of the sponsor's or prior owner's repurchase of a defective obligation, as defined in paragraph (f) of this section, that was transferred to the REMIC in breach of a customary warranty;

13. The Court has correctly noted that the \$19.375 million payment made by UBS clearly falls under subparagraph (D) as a payment by the sponsor or prior owner in lieu of the sponsor or prior owner's obligation to repurchase a defective loan. Contrary to the statements of Orix on behalf of Wells Fargo, this is not a payment to compensate the MLMI Trust with respect to overpayment for a pool of loans. It is a payment in lieu of the obligation to repurchase a defective loans such as Lee Hall and Arlington.

14. This type of payment is not a payment which Wells Fargo and Orix can deal with as they please. As with any other payment received by a REMIC, these payments may be held only for a temporary period before distributing the money to the holders of interests in the REMIC. The regulations go on to define the temporary period the REMIC may hold these funds as follows:

- (iii) Temporary period. For purposes of section **860G(a)(6)** and this paragraph (g)(1), a temporary period generally is that period from the time a REMIC receives payments on qualified mortgages and permitted investments to the time the REMIC distributes the payments to interest holders. A temporary period may not exceed 13 months. Thus, an investment held by a REMIC for more than 13 months is not a cash flow investment.

Treas. Reg. 1.860G-2(g)(iii) (emphasis added).

15. Thus, the money cannot simply be held by ORIX. It must be distributed to the holders of REMIC regular interests before the expiration of 13 months. If the funds are held

longer than 13 months then they are no longer permitted investments. Once they cease to be permitted investments, they are taxed at the rate of 100%. I.R.C. §860F(a)(2)(B).

16. To avoid this result, the PSA requires that all such payments be distributed to the holders of REMIC Regular Interests and applied to the principal and interest due with respect to those obligations. Thus, Sections 3.04(a) and (b) of the PSA require that any mortgage loan payments received be immediately deposited in a Certificate Account, and Section 3.04(c) requires that the appropriate amounts be transferred to the Distribution Account every month on the day before the Distribution Date (the 15<sup>th</sup> day of the month), when the distributions are made to the Certificateholders. Accordingly, the definition of “Uncertificated Principal Balance” appearing on page 43 of the PSA specifically states:

On each distribution date, the Uncertificated Principal Balance of each REMIC II Regular Interest shall be reduced by all distributions of principal deemed to have been made thereon on such Distribution Date pursuant to Section 4.01(i), . . .<sup>4</sup>

17. The waterfall of distributions is set forth in Section 4 of the PSA and it requires all distributions to Certificateholders to be applied to principal and interest.

18. The fact that the debt may have been paid down by UBS, a third party stranger to the note and mortgage is irrelevant. A debt may be extinguished by. . . voluntary payment by a stranger, where payment is accepted by the obligee. 58 Tex Jur 3d, Payment §27. This is the law in Texas as set forth in Cromeens v. Arnold Cotton Company, 461 S.W.2d 505, 510 (Tex. Civ. App.-Tyler 1968)(payment or satisfaction of an instrument may be made or given by any person, including one who is a stranger to the instrument . . .). This is also the law in Louisiana as set forth in Tumblin v. Gratech Corporation, 448 So. 2d 179, 182 (La. Ct. App. 4<sup>th</sup> Circuit 1984) (an obligation may be discharged by any person concerned in it, such as a corporation or a surety. The obligation may even be discharged by a third person no way concerned in it. . .).

---

<sup>4</sup> The same holds true for each REMIC I Regular Interest under Section 4.01(j).

19. Further pursuant to §3.602(a) of the Texas Uniform Commercial Code,

(a) Subject to Subsection (b), an instrument is paid to the extent payment is made (i) by or on behalf of a party obliged to pay the instrument, and (ii) to a person entitled to enforce the instrument. **To the extent of payment, the obligation is discharged. . . .**

20. Thus, if the UBS payment in combination with other payments received by the MLMI Trust satisfied the Arlington loan in full, then the obligation is discharged.

21. After a “qualified mortgage” is discharged by payment, any payment received over and above the principal and interest cannot be payment on the “qualified mortgage.” It must be some other kind of payment. This “other” income is not from a qualified mortgage or a permitted investment under the REMIC statutes quoted above, since a permitted investment is simply temporary parking of payments on qualified mortgages. As a result, such overpayments are prohibited income and would be taxed at the rate of 100%. Essentially, a REMIC is not permitted to generate income from any other activity in contrast to a regular C Corporation which can.

#### **Discovery is Needed to Determine the Credit Required by REMIC and the PSA**

22. As discussed at the oral argument hearing, Wells Fargo and Orix sent a notice to the Certificateholders indicating that the UBS payments constituted “Liquidation Proceeds” and would be applied to the Lee Hall loan (copy attached as Exhibit A). In litigation against the guarantors of the Lee Hall Loan, Orix on behalf of Wells Fargo, said that the payment was not applied to the Lee Hall Loan. See affidavit of John Dinan attached as Exhibit B, par.53. In the Love Funding case, Orix on behalf of Wells Fargo sued Love Funding for breaches of reps and warranties with respect to the Arlington loan, and asserted that not a penny of the UBS settlement was attributable to Arlington. The Love Funding Court found this contention incredible. See Love Funding Decision attached as Exhibit C, page 24-25. John Dinan also

testified in his affidavit that the UBS payment was initially applied to the Lee Hall loan but when that loan was paid off from the collateral, the UBS payment would be reallocated to the worst performing loan in the pool. See Exhibit B, par.54. Rafizadeh believes that Arlington was the next worst performing loan in the pool. Therefore, when Lee Hall was overpaid, the excess UBS payment should have been applied to Arlington.

23. The Defendants are entitled to discovery to determine if any of these funds were or should have been ultimately credited to the debt asserted by Wells Fargo and Orix on behalf of the Certificateholders which forms the basis for the claim filed by Orix. The complaint in this case alleges certain fraudulent transfer claims under the Texas version of the UFTA. Section 24.008(a)(1) of TUFTA plainly states that transfers can only be set aside to the extent necessary to pay creditors. Thus, the Defendants are entitled to discovery on the real amounts of the claims of creditors.

24. Wells Fargo and Orix assert that their accounting decisions on how to apply these payments is solely up to them. This is flat wrong. The PSA is very specific as to how payments are to be applied. It has to be in order to qualify for REMIC status. Wells Fargo and Orix cannot cite this court to a single provision of the PSA which authorizes such activity because no such provision exists.

### **Question No. 2**

***Under the Remic tax code provisions and regulations, and/or the PSA, how are amounts recovered in excess of the written down value of the asset treated?***

**Introduction – Recovery up to the Value of the Note is Passed to Certificateholders**

25. The REMIC rules and/or the PSA permit amounts to be collected in excess of the written down value of assets up to the full amount of the debt, so long as those amounts are distributed to the Certificateholders.

26. The problem in this case is that Wells Fargo and Orix are not making the required distributions to Certificateholders. Rather, in violation of the PSA, Orix is using money that rightfully belongs to the Certificateholders to fund massive legal battles for the sole purpose of obtaining more money that Orix will keep for itself. Moreover, Wells Fargo and Orix are hiding this activity from the Certificateholders by not reporting the receipt of the funds which should have been applied and not reporting the associated expenses to the MLMI Trust on a timely basis or to the IRS on its Form 1066 tax returns. As shown in publicly available Distribution Reports and the Form 1066 tax returns set forth below, Rafizadeh has pieced together how this scheme operates.

27. More importantly, Wells Fargo and Orix are violating the requirements of both the REMIC rules and the PSA, described above, that the proceeds of qualified mortgages must be distributed to the Certificateholders.

#### **Appraisal Reduction Was Used to Hide the True Value of the Loans**

28. In its capacity as Special Servicer, Orix can calculate an appraisal reduction with respect to a mortgage loan. As a result, the loan is written down and as more fully discussed below, the losses are allocated to the Certificateholders in accordance with the PSA. After this occurs, the Certificateholders do not expect to receive the written down balances. This gives Orix the opportunity to aggressively pursue collections on the written down loans and keep the money for itself without any Certificateholder being the wiser. Moreover, Orix can use MLMI Trust assets to finance its aggressive collection activities and even earn interest thereon.

29. The PSA has a comprehensive set of definitions and provisions dealing with appraisal reductions. Upon the occurrence of an "Appraisal Reduction Event," the mortgage loan is written down to fair value based on a specific formula. An "Appraisal Reduction Event" occurs when the Special Servicer (i.e. Orix) decides that the loan is significantly in default. *See definition at pages 5-6 of the PSA.* The amount of the Appraisal Reduction is calculated in accordance with the definition of "Appraisal Reduction Amount" shown on page 5 of the PSA. Pursuant to the same definition, the Appraisal Reduction Amount is immediately allocated to the Certificateholders in the reverse order of priority.

30. According to Page 10 of the March 20, 2001 Distribution Report (Ex. D-1), a \$6,022,621 Appraisal Reduction occurred with respect to the Lee Hall Loans. The pertinent pages of the Distribution Reports discussed herein are all attached as Exhibit D. On these reports, the Lee Hall Loan is listed as PW-8703 and the Arlington Loan is listed as PW-6132.

Mortgage Loan Detail

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Stat. (2)	Mod. Code (3)
296200038	PW-8703	MF	Various	VA	121,501.99	8,605.28	8.200%	N/A	08/01/2009	N	17,207,498.08	17,199,083.59	12/31/2030	04/07/2001	6,022,621.11	13	

31. According to page 10 of the June 28, 2002 Distribution Report (Ex. D-2), a \$3,249,002 Appraisal Reduction occurred with respect to the Arlington Loan.

Mortgage Loan Detail

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Stat. (2)	Mod. Code (3)
296609044	PW-6132	MF	Harvey	LA	42,009.41	5,174.78	8.050%	N/A	08/01/2009	N	6,262,272.17	6,257,097.38	02/01/2002	07/10/2002	3,249,002.28	13	

32. The following discussion and attached documents will show how Wells Fargo and Orix collected money on both of these loans where appraisal reductions were taken and in fact collected more than the full balances due, failed to turnover significant portions of these funds to the Certificateholders and failed to report the income to the IRS.



33. Moreover, Orix funds these collection efforts by making Servicing Advances (i.e. loans) to the MLMI Trust and not reporting to the Certificateholders about these efforts until funds are collected sufficient to offset the costs. This not only violates the requirement to report expenses on the accrual method of accounting pursuant to I.R.C. § 860C(b)(1), and provide the Certificateholders with a tax deduction, but also places the Certificateholders at risk because Orix is entitled under the PSA to reimbursement of the Servicing Advances plus interest before the Certificateholders are entitled to their distributions.

34. In order to understand this process, it is necessary to briefly describe the very strict mechanism set forth in the PSA for the receipt and distribution of funds.

#### **PSA Accounting for Receipt and Distribution of Funds to Certificateholders**

35. PSA Section 3.02(a) requires the servicers to collect all payments called for under the mortgage loans.

36. PSA Section 3.02(b) requires the payments from Mortgagors, Insurance and Condemnation Proceeds or Liquidation Proceeds to be applied to amounts due and owing under the related mortgage loans. The Court will recall that the UBS Settlement Proceeds were classified by Orix as Liquidation Proceeds. See Notice to Certificateholders attached as Exhibit A. Thus, the UBS Settlement Proceeds were applied to the mortgage loans. In other words, they could not be considered as damages to compensate the MLMI Trust with respect to overpayment for a pool of loans.

37. PSA Section 3.04(a) requires all payments to be deposited in the Certificate Account within one business day of receipt.

38. PSA Section 3.04(c) requires that the appropriate amounts be transferred to the Distribution Account every month on the day before the Distribution Date (the 15<sup>th</sup> day of the

month), when the distributions are made to the Certificateholders. These funds are transferred from the Certificate Account after certain withdrawals permitted by PSA Section 3.05(a).

39. PSA Section 3.05(a) permits the withdrawal of Servicing Advances ahead of distributions to the Certificateholders.

40. PSA Section 4.01 requires distributions to be made to the Certificateholders, and as stated above, these payments are applied to the debt. As you will see below, Wells Fargo and Orix violated this requirement with respect to the Arlington sale proceeds this Court authorized to be paid pursuant to the March 29, 2006 compromise order. It also violated these provisions with respect to certain proceeds of the sale of the collateral securing the Lee Hall loan.

#### **Servicing Advances are Loans from Orix**

41. When a loan goes into default or becomes REO, the Special Servicer incurs out of pocket collection costs including attorneys' fees, expenses brokerage commissions, etc. These are defined as "Servicing Advances" on page 38 of the PSA. PSA Section 3.05(a)(v) authorizes the reimbursement of these advances from the Certificate Account and PSA Section 3.03(d) requires these advances to be repaid with interest at the Reimbursement Rate which is really Wall Street Journal prime.<sup>5</sup> Thus, these advances are really loans made by the servicers to the MLMI Trust to cover trust expenses. Under the accrual method of accounting required by I.R.C. § 860C(b)(1), these expenses should be booked by the MLMI Trust in the year incurred and shown on the Form 1066 tax return as deductions that are passed to the Certificateholders. Moreover, any outstanding advances at year end should be booked as a liability and shown on the Form 1066 balance sheet. As discussed below, Wells Fargo and Orix did neither.

---

<sup>5</sup> See definitions of Reimbursement Rate on PSA Page 34 and Prime Rate on Page 29

42. These are the basics of Remic trust accounting, which must be applied to collection of the Lee Hall and Arlington loans.

43. The Lee Hall loan is important because, as discussed above, John Dinan stated in an affidavit that if the Lee Hall loan was ultimately paid through other sources, the UBS settlement funds should be applied to the next worst performing loan in the pool. See Affidavit of John Dinan attached as Exhibit B, par. 54. This conclusion was confirmed by the Love Funding court which believed that the UBS settlement funds were applied to the Arlington loan. See Love Funding decision attached as Exhibit C, page 24-25. As stated above, when a lender accepts funds from a third party and applies it to a loan, the obligation is discharged to the extent of the payment.

#### **Lee Hall Foreclosed on in 2001, with REO Property Retained**

44. Lee Hall was a \$17.4 million loan secured by four apartment projects known as Colonial Heights, River Drive, Lee Hall and Norport. See Affidavit of James Kepley, Jr., par. 2.3.1 (copy attached as Exhibit E).

45. A foreclosure sale was conducted with respect to the Lee Hall properties on October 25, 2001. Kepley affidavit, Ex. E at par. 2.4.1.

46. At the conclusion of the sale, the River Drive Apartments sold to a third party for cash in the amount of \$2,275,000 and Wells Fargo was the highest bidder at \$11,517,000 for the three other properties. Kepley affidavit Ex. E at 2.4.3, These other three properties were later sold by Wells Fargo for \$9,075,000. Kepley affidavit Ex. E at 2.4.4.

47. The following reviews how Wells Fargo and Orix reported these transactions to the Certificateholders.

**Distribution Reports for the Year 2001 indicate REO Property**

48. On page 10 of the March 30, 2001, Distribution Report, Orix took an appraisal reduction of \$6,022,621 (Exhibit D-1). At that time the principal balance was \$17,198,883. Thus Orix effectively told the Certificateholders that they should only expect to collect the difference or \$11,176,262.

49. Page 16 of the November 30, 2001, Distribution Report (Ex. D-3) indicates that that the Lee Hall Loan became REO property on the October 25, 2001, the date of the foreclosure.

50. As indicated in the Kepley affidavit, River Drive sold for \$2,275,000, and the remaining three properties were bid in by Wells Fargo for \$11,517,000 (Ex. E). Page 14 of the December 31, 2001, Distribution Report (Ex. D-4) indicates that the proceeds of River Drive were used to pay down the Lee Hall Loan by \$2,107,641 and the balance shown on page 10 is reduced from \$17,111,787 to \$14,994.865 (Ex. D-5).

**Principal Prepayment Detail**

Loan Number	Offering Document Cross-Reference	Principal Prepayment Amount		Prepayment Penalties	
		Payoff Amount	Curtailment Amount	Prepayment Premium	Yield Maintenance Premium
298000038	<u>PW-8703</u>	0.00	<u>2,107,641.09</u>	0.00	0.00

51. Not surprisingly, I.R.C. §860G(a)(5) includes foreclosure property in the definition of “permitted investments.” Under I.R.C. §806G(a)(8) foreclosure property is defined as property which would be foreclosure property under 26 U.S.C. § 856(e), which defines such property as:

any real property (including interests in real property), and any personal property incident to such real property, acquired by the real estate investment trust as the result of such trust having bid in such property at foreclosure . . . .

52. Thus, the three apartment projects bid in by Wells Fargo for \$11,517,000 plainly fall within the definition of foreclosure property and were reported as such on the Distribution Reports.

Loan Number	Offering Document Cross-Reference	# of Months Dating	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORDX-3325	3	09/01/2001	95,283.42	494,017.38	3	2	08/09/2001		17,927,928.10	1,846.24		
286090038	PW-8703	11	12/01/2000	97,377.94	1,272,985.39	9	7	07/25/2000		17,244,470.80	598,311.03		10/25/2001

### Tax Return for the Year 2001 Shows NO REO Property in 2001

53. Under 26 U.S.C. §860G(c), income from foreclosure property is not passed through to the Certificateholders. Rather, the income is taxed to the REMIC at the highest corporate rate. The MLMI Trust owned these three apartment projects for at least two months in the year 2001. Thus, Wells Fargo should have reported income or loss from this foreclosure property to the IRS. In fact, Wells Fargo hid the existence of the foreclosure property from the IRS on its 2001 Form 1066 Tax return. A copy of this return is attached as Exhibit F. Page 3, lines 5-10 require the Remic to report net income or loss from foreclosure property. These lines are blank, except for line 10 which says "none."

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
(Caution: See page 6 of the instructions before completing this part.)

5	Net gain (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) .....	5	
6	Gross income from foreclosure property (attach schedule) .....	6	
7	Total income from foreclosure property. Add lines 5 and 6 .....	7	
8	Deductions directly connected with the production of income shown on line 7 (attach schedule) .....	8	
9	Net income from foreclosure property. Subtract line 8 from line 7 .....	9	
10	Tax on net income from foreclosure property. Enter 35 % of line 9 .....	10	<b>NONE</b>

54. Moreover page 4, Schedule L is a balance sheet for the REMIC. Wells Fargo reported no foreclosure property at the beginning of the year or at the end of the year. This was

plainly incorrect. Since the REMIC is supposed to use accrual accounting, it should have booked the Lee Hall foreclosure property as an asset and reduced the amount of qualified mortgages.

<b>Schedule L Balance Sheets per Books</b>		<b>(a) Beginning of year</b>	<b>(b) End of year</b>
<b>Assets</b>			
<b>1 Permitted investments (see page 7 of the instructions):</b>			
<b>a Cash flow investments</b>		0	0
<b>b Qualified reserve assets</b>		0	0
<b>c Foreclosure property</b>		0	0
<b>2 Qualified mortgages</b>		586,984,263	574,110,584
<b>3 Other assets (attach schedule)</b>	SEE SCHEDULE # 1	(1,996,868)	(1,419,000)
<b>4 Total assets</b>		584,987,395	572,691,575
<b>Liabilities and Capital</b>			
<b>5 Current liabilities (attach schedule)</b>	SEE SCHEDULE # 1	1,955,547	1,913,409
<b>6 Other liabilities (attach schedule)</b>	SEE SCHEDULE # 1	(5,740,821)	(5,477,028)
<b>7 Regular interests in REMIC</b>		586,984,263	574,110,584
<b>8 Residual interest holders' capital accounts</b>		1,788,406	2,144,811
<b>9 Total liabilities and capital</b>		584,987,395	572,691,575

55. It should also be noted that according to page 16 of the December 31, 2001 distribution report (Ex. D-6), there were outstanding servicing advances at the end of the year in the total amount of \$601,084. These servicing advances represent collection expenses which constitute deductions Wells Fargo should have taken against income. However, page 1, line 13 of the return does not show that any such deductions were taken.

<b>Deductions (excluding amounts allocable to prohibited transactions)</b>		
<b>7 Salaries and wages</b>	<b>7</b>	
<b>8 Rent</b>	<b>8</b>	
<b>9 Amount accrued to regular interest holders in the REMIC that is deductible as interest</b>	<b>9</b>	46,647,822
<b>10 Other interest</b>	<b>10</b>	
<b>11 Taxes</b>	<b>11</b>	
<b>12 Depreciation (see page 5 of the instructions)</b>	<b>12</b>	
<b>13 Other deductions (attach schedule)</b>	<b>13</b>	
<b>14 Total deductions. Add lines 7 through 13</b>	<b>14</b>	46,647,822

56. Also, the servicing advances represent loans to the MLMI Trust which should have been shown as liabilities on the Schedule L balance sheet. The only amount shown on line 5 of Schedule L is current liabilities of \$1,955,547. A review of schedule #1, indicates that this

amount represents "interest payable." It does not reflect servicing advances made to covers fees and expenses.

#### Line 5 - Current Liabilities

Type of Current Liabilities	12/31/2000	12/31/2001
<u>Administrative Fees Payable</u>	0	0
Interest Payable	1,955,547	1,913,409
<b>Total</b>	<b>1,955,547</b>	<b>1,913,409</b>

#### Line 6 - Other Liabilities

Type of Other Liabilities	12/31/2000	12/31/2001
Security Cumulative Interest Shortfall	30,389	531,671
Security Prem (Disc) Remaining	(5,771,210)	(6,008,898)
<b>Total</b>	<b>(5,740,821)</b>	<b>(5,477,028)</b>

57. Effectively, Wells Fargo and Orix, have hidden the income on the foreclosure property from the IRS and Orix is apparently appropriating those funds for its own use. This conclusion is born out below.

#### **Distribution Reports for the Year 2002**

58. During the year 2002, Orix continued to make servicing advances on Lee Hall so that by the time of the October 31, 2002 distribution report (page 16), the total outstanding servicing advances were \$3,019,785 (Exhibit D-7). There is no explanation in the Distribution Report how all this money was spent. On page 10 of the November 29, 2002, Distribution Report (Ex. D-8), the appraisal reduction was increased to \$7,517,806.

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res Stat (2)	Mod Code (3)
295800028	FW-028	MF	Various	VA	0.00	0.00	0.200%	N/A	08/01/2009	N	14,778,553.71	14,778,553.71	12/01/2000	07/10/2001	7,517,806.08	7	



59. This let the Certificateholders know that the losses on this loan would be increased by \$1,495,185. Page 18 of this report contains a note that the Norport Apartments sold for \$2,400,000 with net proceeds of \$2,342,996 (Ex. D-9).

286000038	PW-8703	7	Lee Hall 10/31/02 occupancy 50%. Street rental rates will remain at \$450 through December 2002. Negotiations w/ City of Petersburg & VSU in hopes of obtaining master lease have halted as VSU has finalized an on-campus housing program. Colonial Ct. 1/6/3/02 occupancy 63%. 47 units have been renovated. Monmon 11/7/02 sold for \$2,400,000 with net sales proceeds of \$2,342,995.
-----------	---------	---	--

60. According to page 10 of the report you will see that none of this money was applied to principal (Ex. D-8).

Mortgage Loan Detail																	
Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Stmt. (2)	Mod. Code (3)
901000083	CHD-325	OF	Salt Lake City	UT	117,491.34	15,420.08	7.950%	N/A	08/01/2009	N	17,734,526.85	17,719,106.77	12/01/2002	04/10/2002	7,133,775.70		
296000038	PW-673	MF	Various	VA	0.00	0.00	8.200%	N/A	08/01/2009	N	14,778,553.71	14,778,553.71	12/01/2000	07/10/2001	7,517,806.88		

61. Rather, it all appears to have been applied to outstanding servicing advances which were reduced down to \$645,719 See Page 16 of the November 29, 2002 Distribution Report (Ex. D-10) from \$3,019,785.<sup>6</sup> Thus, all of the money from the sale of Norport went to Orix. So here is what Orix does. It makes servicing advances large enough to swallow up the collateral and then takes the money plus interest. This is done completely risk free because if the specially serviced collateral does not generate enough money to cover these advances, Orix can also collect them from the general funds of the MLMI Trust under PSA Section 3.05 and also is entitled to the recovery of interest on these advances.

62. Page 19 of the December 31, 2002, year end Distribution Report (Ex. D-11) shows that the MLMI Trust still owns the Lee Hall Apartments and Colonial Court.

<sup>6</sup> Under the PSA, if this money was deposited into the Certificate Account, Orix had the right to withdraw it to satisfy servicing advances plus interest accrued thereon at prime before transferring the money to the Distribution Account for payment to the Certificateholders.



2960000038	PW 8703	7			14,450,000.00	Lee Hall 10/31/02 occupancy 50%. Street rental rates will remain at \$450 through December 2002. Negotiations w/City of Petersburg & VSU in hopes of obtaining master lease have halted as VSU has finalized an on-campus housing program. Colonial Ct. 10/31/02 occupancy 83%. 47 units have been renovated. Norport 11/7/02, sold for \$2,480,000 with net sales proceeds of \$2,342,956.
------------	---------	---	--	--	---------------	---

### Tax Return for the Year 2002 does NOT Show the Income from REO or Sale

63. Thus, Wells Fargo and Orix should have reported income on the Form 1066 from the sale of Norport as well as any income or loss from the three apartment projects owned during 2002. Attached as Exhibit G is the Form 1066 tax return for the year 2002. On page 3 line 5, Wells Fargo and Orix did not report any gain or loss from the sale of Norport. Further, they did not report any income from foreclosure property as the rest of the lines are empty except for line 10 which once again says "none."

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
(Caution: See page 5 of the Instructions before completing this part.)

<b>5</b> Net gain (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) .....	<b>5</b>	
<b>6</b> Gross income from foreclosure property (attach schedule) .....	<b>6</b>	
<b>7</b> Total income from foreclosure property. Add lines 5 and 6 .....	<b>7</b>	
<b>8</b> Deductions directly connected with the production of income shown on line 7 (attach schedule) .....	<b>8</b>	
<b>9</b> Net income from foreclosure property. Subtract line 8 from line 7 .....	<b>9</b>	
<b>10</b> Tax on net income from foreclosure property. Enter 35 % of line 9 .....	<b>10</b>	<b>NONE</b>

64. Further, the balance sheet shown as Schedule L on page 4 of the return, does not show that Wells Fargo booked any foreclosure property.

<b>Schedule L Balance Sheets per Books</b>		(a) Beginning of year	(b) End of year
<b>Assets</b>			
<b>1 Permitted investments (see page 7 of the instructions):</b>			
a Cash flow investments		0	0
b Qualified reserve assets		0	0
c Foreclosure property		0	0
2 Qualified mortgages		574,110,584	562,928,103
3 Other assets (attach schedule)	SEE SCHEDULE # 1	(1,130,384)	(655,254)
4 Total assets		572,980,200	562,270,849
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule)	SEE SCHEDULE # 1	42,883	31,357
6 Other liabilities (attach schedule)	SEE SCHEDULE # 1	(1,419,008)	(1,056,071)
7 Regular interests in REMIC		574,110,584	562,928,103
8 Residual interest holders' capital accounts		245,741	369,460
9 Total liabilities and capital		572,980,200	562,270,849
<b>Schedule M Reconciliation of Residual Interest Holders' Capital Accounts (Show reconciliations of each)</b>			

65. Further, page 1 line 13, shows that Wells Fargo booked only \$507,510 in "Administrative Fee" deductions during the year.

<b>Deductions (excluding amounts allocable to prohibited transactions)</b>		
7 Salaries and wages	7	
8 Rent	8	
9 Amount accrued to regular interest holders in the REMIC that is deductible as interest	9	45,163,752
10 Other interest	10	
11 Taxes	11	
12 Depreciation (see page 5 of the instructions)	12	
13 Other deductions (attach schedule) <u>Administrative Fees</u>	13	507,510
14 Total deductions. Add lines 7 through 13	14	45,671,262

66. According to the Distribution Reports for the year 2002, Orix incurred servicing advances far in excess of this amount, although it is impossible to tell the precise number since only outstanding servicing advances are shown. In any event, these are fees and expenses advanced to the MLMI Trust during 2002 which should have been accrued as deductions for the Certificateholders. As indicated above, the proceeds of the sale of Norport reduced these servicing advances so that by the end of the year the balance due was \$1,360,100. See Page 17 of December 31, 2002, Distribution Report (Ex. D-12).

## Delinquency Loan Detail

Loan Number	Offering Document Cross-Reference	# of Months Delinq	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
296000038	PW-8703	24	12/01/2000	130,109.28	384,977.24	9	7	07/25/2000		14,994,865.45	647,653.02		10/25/2001
296000044	PW-8132	10	02/01/2002	27,663.12	382,378.57	7	2	03/20/2001		6,282,671.16	642,890.07		
296000042	PW-7790	5	07/01/2002	30,403.20	182,419.20	7	2	07/25/2002		3,829,820.33	57,409.88		
296000022	ML-151	2	10/01/2002	19,521.99	88,565.97	7	2	09/26/2002		2,303,252.78	12,147.47	06/17/2002	
296000048	PW-8085	0	12/01/2002	6,529.34	8,529.34	8				967,086.90	0.00		
<b>Totals</b>	<b>5</b>			<b>216,226.83</b>	<b>1,026,870.32</b>					<b>28,377,696.52</b>	<b>1,360,100.45</b>		

67. Finally, the balance sheet on the tax return (i.e. schedule L, lines 5 and 6 and the attached Schedule 1 only shows accrued liabilities for \$31,357 in unpaid administrative fees and the rest is listed as "Security Prem (Disc) Remaining. Where is the \$1,360,100 shown as outstanding at year end from the Distribution Report.

## Distribution Reports for the Year 2003 – More Advances

68. In the year 2003, the MLMI Trust continued to hold the two apartment projects (i.e. Lee Hall and Colonial Court) and continued to run up huge amounts of servicing advances with outstanding servicing advances at the end of the year equal to \$2,887,216. See page 17 of the December 31, 2003, Distribution Report (Ex. D-13).

## Tax Return for the Year 2003 – Again No REO Income or Sale

69. On the 2003 Form 1066 Tax Return (copy attached as Exhibit H), once on page 3 lines 5-10 Wells Fargo failed to disclose any income with respect to foreclosure property.

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
(Caution: See page 6 of the instructions before completing this part.)

<b>5</b> Net gain or (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) _____	<b>5</b>	
<b>6</b> Gross income from foreclosure property (attach schedule) _____	<b>6</b>	
<b>7</b> Total income from foreclosure property. Add lines 5 and 6 _____	<b>7</b>	
<b>8</b> Deductions directly connected with the production of income shown on line 7 (attach schedule) _____	<b>8</b>	
<b>9</b> Net income from foreclosure property. Subtract line 8 from line 7 _____	<b>9</b>	
<b>10</b> Tax on net income from foreclosure property. Enter 35 % of line 9 _____	<b>10</b>	<b>NONE</b>

70. Further on page 4, Schedule L, once again Wells Fargo failed to show any assets booked as foreclosure property, and the servicing advances at year end are not shown on on the balance sheet as a liability.

Schedule L Balance Sheets per Books	(a) Beginning of year	(b) End of year
<b>Assets</b>		
<b>1</b> Permitted investments (see page 7 of the instructions):		
<b>a</b> Cash flow investments _____	0	0
<b>b</b> Qualified reserve assets _____	0	0
<b>c</b> Foreclosure property _____	0	0
<b>2</b> Qualified mortgages _____	562,926,103	554,302,369
<b>3</b> Other assets (attach schedule) _____ SEE SCHEDULE # 1	(655,254)	(82,991)
<b>4</b> Total assets _____	562,270,849	554,219,378
<b>Liabilities and Capital</b>		
<b>5</b> Current liabilities (attach schedule ) _____ SEE SCHEDULE # 1	31,357	80,768
<b>6</b> Other liabilities (attach schedule) _____ SEE SCHEDULE # 1	(1,058,071)	(642,578)
<b>7</b> Regular interests in REMIC _____	562,926,103	554,302,369
<b>8</b> Residual interest holders' capital accounts _____	369,480	478,820
<b>9</b> Total liabilities and capital _____	562,270,849	554,219,378

71. Finally, the deductions taken on page 1, line 13 for administrative fees is only \$636,304.

### Distribution Reports for the Year 2004 –Sales Proceeds NOT Disclosed

72. The year 2004 is interesting for several reasons. First, the foreclosure property was obtained on October 25, 2001. Pursuant to PSA Section 3.16(a), the foreclosure property is required to be sold prior to the third calendar year following the year it acquired ownership.

Since the three Lee Hall apartment projects were foreclosed and brought in to REO in October 2001, that real estate must be disposed of by December 31, 2004. According to PSA Section 3.16(a), the reason for this is to prevent the Trust from engaging in a prohibited transaction if it holds the foreclosure property beyond the three year period.

73. As noted above, during 2003, the MLMI Trust held the Lee Hall and Colonial Court apartments as REO. However, on page 19 of the February 27, 2004, Distribution Report (Ex. D-14), the statement is made that Lee Hall is the sole remaining property.

296000038	PW-8703	7		09/10/2002	4,900,000.00	Lee Hall Apartments (the sole remaining property) is 47% occupied as of 1/31/04. The contract on Lee Hall fell out. Resuming marketing activities. Currently anticipate resolution of buyer litigation by 7/31/04. Anticipate fully remarketing the property after resolution. Earliest possible ultimate resolution is 12/31/04. Current list price is \$5.6 million.
-----------	---------	---	--	------------	--------------	--

74. There is absolutely no reflection in the Distribution Reports that Colonial Court was ever sold or how the proceeds might have been applied. It simply disappeared. On the other hand, Kepley's affidavit states that all three REO properties were subsequently sold for \$9,025,000. On Page 19 of the October 29, 2004 Distribution Report (Ex. D-15), Orix notes that it expects to sell Lee Hall for \$4.5 million. The sale apparently closed, and on Page 15 of the November 30, 2004 Distribution Report (Ex. D-16), there is a principal payment of \$4,033,024. Since it is unlikely that Kepley was committing perjury, the reasonable conclusion is that Orix sold Colonial Court and simply kept the proceeds for itself without ever accounting for the funds to the Certificateholders. Assuming, as stated by Kepley, that all three REO properties sold for \$9,025,000, and as shown in the Distribution Reports, Lee Hall sold for \$4.5 million and Norport sold for \$2.4 million, then Colonial Court must have sold for the difference or \$2,125,000. As set forth the below, Wells Fargo and Orix were able to hide this money from the Certificateholders because the Lee Hall loan became a liquidated loan when the proceeds of the UBS suit were applied along with the proceeds of River Drive, Norport and Lee Hall, and a loss booked.

## Liquidated Loan Detail

Loan Number	Final Recovery Determination Date	Offering Document Cross-Reference	Appraisal Date	Appraisal Value	Actual Balance	Gross Proceeds	Gross Proceeds as a % of Actual Balance	Aggregate Liquidation Expenses *	Net Liquidation Proceeds	Net Proceeds as a % of Actual Balance	Realized Loss	Repurchased by Seller (Y/N)
296000036	11/23/2004	PW-8703	10/21/2003	6,000,000.00	4,275,000.00	4,132,876.90	96.675%	0.00	4,132,876.90	96.675%	241,976.58	N

75. Thus, the sale proceeds for Colonial Court were not needed and were simply taken by Orix without disclosing this fact to anybody or even to the IRS. The money received was plainly a permitted investment within the meaning of (Treas. Reg. 1.860G-2(g)(ii)(C) as cash flows from foreclosure property and proceeds from the disposition of such property. However, these proceeds would have to be distributed within 13 months of receipt.

76. Pages 11 and 15 of the September 30, 2004 Distribution Report (Ex. D-17,18) shows a pay down on the Lee Hall loan in the amount of \$10,503,563, and the balance is reduced from \$14,778,553 to \$4,275,000.<sup>7</sup> This represented the proceeds of the UBS settlement. Attached as Exhibit A is a copy of the notice provided by Wells Fargo and Orix to the Certificateholders regarding this settlement. The notice designates that recovery as Liquidation Proceeds applicable to the Lee Hall loan. Of the \$19.375 million received, \$5,928,863 was paid to Orix to reimburse P&I Advances, Servicing Advances and interest thereon. The notice shows that the balance available for distribution to the Certificateholders is \$13,446,136, and that \$2,942,583 represents interest and \$10,503,563 represents principal.

<sup>7</sup> This balance was subsequent eliminated with the proceeds of the sale of the Lee Hall Apartments.

Exhibit "A" to Officer's Certificate dated 10/12/04

## Distribution of Liquidation Proceeds

Collateral ID:		8
Annex A ID		PW-8703
Primary Servicer Loan Number:		296000036
<b>Liquidation Proceeds</b>		<b>\$ 19,375,000.00</b>
<b>Recovery of Advances and interest thereon</b>		
less P&I Advance		969,169.03
less Servicing Advances		4,649,417.74
Litigation expenses	4,351,898.25	
Other Servicing Advances	291,519.49	
less Interest at the Reimbursement Rate		316,277.31
To Servicer - Recovery of Advances and interest thereon		<u>5,928,863.08</u>
<b>Available Distribution Amount</b>		<b>13,446,136.92</b>
<b>Accrued and unpaid interest on such Mortgage Loan at the related Mortgage Rate to but not including the Due Date in the Collection Period of receipt</b>		<b>2,942,583.21</b>
less Recovery of principal of such Mortgage Loan		<u>10,503,553.71</u>
<b>Remaining Liquidation Proceeds</b>		<b>0.00</b>
<b>Cumulative Litigation Expenses (to date)</b>	7,819,738.80	
<b>Current Recovery of Litigation Expenses</b>	<u>4,351,898.25</u>	
<b>Outstanding Litigation Expenses</b>	<b>3,467,840.55</b>	

77. However, on Page 11 of the September 30, 2004 Distribution Report (Ex. D-17), the interest payment column indicates that no money was paid to the Certificateholders. What happened to this interest payment? It is never accounted for in the Distribution Reports.

Mortgage Loan Detail																	
Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Stmt. (2)	Mod. Code (3)
296000036	PW-8703	MF	Various	VA	0.00	10,503,553.71	4.280%	N/A	08/31/2009	N	14,778,953.71	4,276,000.00	10/01/2004			7	

78. There is yet another anomaly between the notice to Certificateholders and the Distribution Reports. According to page 17 of the August 31, 2004 Distribution Report (Ex. D-19), the outstanding P&I Advances on that date were \$978,237 and the Outstanding Servicing Advances were \$233,574 for a total of \$1,211,811.



## Delinquency Loan Detail

Loan Number	Offering Document Cross-Reference	# of Months Delinq	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
296000038	PW-8703	34	10/01/2001	0.00	978,237.40	9	7	07/25/2000	10/25/2001	14,994,865.45	233,674.00		10/25/2001

79. These advances were wiped out on page 17 of the September 30, 2004, Distribution Report (Ex. D-20). Yet the notice to Certificateholder says that the balance due for Advances was \$5,928,863. Why would Orix take more out of this distribution than was owed with respect to all of the Advances shown on the Distribution Report? This discrepancy is never accounted for in the Distribution Reports. We submit the reason these discrepancies were never accounted for is because the loan would be overpaid and therefore subject to a 100% tax as prohibited income. This is born out by the total amount collected on a \$17.4 million loan as follows:

Source	Amount
River Drive	\$ 2,107,641
Norport	\$ 2,342,996
Lee Hall	\$ 4,033,024
Colonial court	\$ 2,125,000
UBS Settlement	\$19,375,000
<b>Total</b>	<b>\$29,983,661</b>

80. Instead, Orix simply took the excess funds for itself, and passed a loss on to the Certificateholders.<sup>8</sup> It is this excess, we submit should be applied to satisfy the Arlington Loan along with the proceeds of the sale of the Arlington Apartments set forth below.

81. Moreover, it is important to note that none of this activity was reported to the IRS as required by the Remic statute and regulations..

<sup>8</sup> On page 23 of the November 30, 2004 Distribution Report (Ex. D-21), the Lee Hall Loan is shown as a Liquidated Loan with a net realized loss of \$241,975.



**Tax Return for Year 2004 – No Income or Loss Reported for REO property**

82. The Form 1066 tax return for the year 2004 attached is attached as Exhibit I. Once again, on page 3, lines 5-10, Wells Fargo failed to report any income or loss from foreclosure property nor any indication of gain or loss from the sale of Lee Hall.

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
**(Caution: See page 6 of the instructions before completing this part.)**

5 Net gain or (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) .....	5	
6 Gross income from foreclosure property (attach schedule) .....	6	
7 Total income from foreclosure property. Add lines 5 and 6 .....	7	
8 Deductions directly connected with the production of income shown on line 7 (attach schedule) .....	8	
9 Net income from foreclosure property. Subtract line 8 from line 7 .....	9	
10 Tax on net income from foreclosure property. Enter 35 % of line 9 .....	10	<u>NONE</u>

83. Once again, on page 4, Schedule L, Wells Fargo failed to show that the MLMI Trust held any foreclosure property.

<b>Schedule L Balance Sheets per Books</b>		(a) Beginning of year	(b) End of year
<b>Assets</b>			
1 Permitted investments (see page 7 of the instructions):		0	0
a Cash flow investments .....		0	1,008
b Qualified reserve assets .....		0	0
c <u>Foreclosure property</u> .....		0	0
2 Qualified mortgages .....		554,302,369	507,671,232
3 Other assets (attach schedule) .....	SEE SCHEDULE #1	(82,991)	239,355
4 Total assets .....		554,219,378	507,911,592
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule) .....	SEE SCHEDULE # 1	80,768	117,519
6 Other liabilities (attach schedule) .....	SEE SCHEDULE # 1	(542,578)	(444,660)
7 Regular interests in REMIC .....		554,302,369	507,671,391
8 Residual interest holders' capital accounts .....		478,820	587,342
9 Total liabilities and capital .....		554,219,378	507,911,592

**Schedule M Reconciliation of Residual Interest Holders' Capital Accounts** (Show reconciliation of each

84. This is extremely incongruous because the next page of the return is Form 4797 sale of business property. Line 19, shows a loss of \$629,211 for sale of various REO liquidations, which were never shown on the balance sheet.

<b>Part II Ordinary Gains and Losses</b>						
<b>18 Ordinary gains and losses not included on lines 11 through 16 (including property held 1 year or less):</b>						
<b>REO Liquidations</b>	<b>Various</b>	<b>Various</b>			<b>\$629,211</b>	<b>(\$629,211)</b>

85. Further, the year end liabilities on the balance sheet are a total of \$117,519, while the outstanding servicing advances at the year end was \$2,666,211 as shown on page 18 of the December 31, 2004 Distribution Report (Ex. D-22). Finally, the deductions shown on page 1, line 13 total \$1,203,819. Orix spent far more than this on the UBS litigation. Why were these expenses not accrued to the MLMI Trust and deducted from income?

86. Orix is likely to argue that the UBS payment was to compensate the Trust for purchasing loans at an excessive price, and that the payment has no effect on the Trust's borrowers. Even assuming arguendo that such a purchase occurred, Wells Fargo and Orix collected \$12 million more than the face value of the loan. Therefore, what are they suppose to do with this excess money under the terms of the PSA or the REMIC statute and regulations? The answer is that the funds should have been applied to the Arlington loan and any excess above that must be reported as prohibited income and 100% of the proceeds paid to the IRS. The excess was generated as a result of a litigation claim. REMICs are not allowed to pursue such claims because they do not constitute "qualified mortgages."

#### **Arlington – Same Improper Treatment**

87. The treatment of the disposition of the Arlington sale proceeds is as mysterious as the treatment of the Lee Hall sale proceeds.

88. On page 11 of the February 28, 2005 Distribution Report (Ex. D-23) the appraisal reduction on Arlington was increased to \$4,649,658.

## Mortgage Loan Detail

Loan Number	Offering Document Cross-Reference	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Stat. (2)	Mod. Code (3)
295000044	PW-5132	MF	Harvey	LA	0.00	6.00	3.050%	N/A	08/21/2009	N	5,199,546.52	5,199,546.52	02/01/2002	02/10/2004	4,649,558.50	13	

89. On page 17 of the same report the outstanding servicing advances on Arlington were \$2,471,295 (Ex. D-24). Obviously, Orix had to increase the appraisal reduction to reduce the expectations of receipt of payment of the Certificateholders so it could recoup these servicing advances. On Page 19 of the May 31, 2006 Distribution Report (Ex. D-25) the appraised value of Arlington is shown as only \$3.9 million even though the property sold for \$6.9 million in 2004.

## Specially Serviced Loan Detail - Part 2

Loan Number	Offering Document Cross-Reference	Resolution Strategy Code (1)	Site Inspection Date	Phase 1 Date	Appraisal Date	Appraisal Value	Other REO Property Revenue	Comments from Special Servicer
295000044	PW-5132	19			04/24/2003	3,900,000.00		Servicer's comments provided are too lengthy to include; please refer to Servicer reports.

90. When Arlington sold in 2004 for \$6.9 million, since the funds were placed in escrow, no distributions were made to Certificateholders in 2005. By the end of 2005, page 16 of the December 3, 2005 Distribution Report shows outstanding servicing advances just on the Arlington loan in the amount of \$3,329,827 and a total for the year of \$3,843,232 (Ex. D-26).

## Delinquency Loan Detail

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
295000044	PW-5132	46	02/01/2002	0.00	300,248.24	3	13	03/20/2001		6,282,671.16	3,329,827.60		

91. Page 16 of the January 31, 2006 Distribution Report shows outstanding servicing advances of \$6,414,538 just on the Arlington loan (Ex. D-27).

## Delinquency Loan Detail

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
295000044	PW-5132	47	02/01/2002	0.00	289,230.37	3	13	03/20/2001		6,282,671.16	6,414,538.50		

92. It would appear that Orix incurred another \$3.3 million in servicing advances just in the month of January 2006. These servicing advances exceed the principal balance of the

loan. Surely, Orix did not accrue this large amount in one month. Some of it must have been accrued during 2005, but of course was never shown on the 2005 tax return as either a liability of the MLMI Trust or an expense. See Form 1066 tax return for the year 2005 attached as Exhibit J. On page 16 of the February 28, 2006, Distribution Report the amount of the servicing advances is mysteriously reduced to \$3,390,664 (Ex. D-28). There is no indication of the source of funds used to accomplish this reduction.

93. In March 2006, this Court approved the compromise where \$5.9 million of the Arlington sale proceeds held by Rodney Tow, Trustee were paid to Orix and Tow was allowed to keep \$1 million for expenses of the bankruptcy estate. However, page 11 of the March 31, 2006, Distribution Report does not show any pay down of principal on the Arlington Loan (Ex. D-29).

**mortgage Loan Detail**

Loan Number	OCOR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Stat. (2)	Mod Code (3)
295000044	PW0122	MF	Harvey	LA	0.00	0.00	5.650%	N/A	08/01/2009	N	6,199,548.52	6,199,548.52	02/01/2002	02/10/2004	4,549,036.65	13	

The sale proceeds are not even reflected on the Distribution Report for this month..

94. Page 16 of the May 31, 2006 Distribution Report shows \$300,248 in Outstanding P&I Advances and \$3,350,024 in Outstanding Servicing Advances (Ex. D-30). Page 16 of the June 30, 2006 Distribution Report shows that \$300,248 is wiped out and the outstanding servicing advances are reduced to \$91,554 (Ex. D-31). This is a total reduction in advances of \$3,558,718. Apparently, the source of this reduction was the proceeds paid over by Rodney Tow. What happened to the balance of the \$5.9 million originally paid? There is no indication on the Distribution Reports how this was ever handled. Apparently, this money was simply kept by Orix. Once again, the regulations require that this money be distributed in 13 months. This was not done, thereby, creating prohibited income. Further, the fact that \$5.9 million was paid

to Orix by Tow was not even disclosed to the Certificateholders until issuance of the July 31, 2006 Distribution Report on page 19 thereof (Ex. D-32).

286000044	PW-8132	13		04/24/2003	3,900,000.00	The Trust settled with the BK Trustee for release of most of the escrow funds. \$5.9MM came to the Trust in 3/06, the remaining \$1MM went to the BK Trustee for the estate. The BK stay has been filed and the Trust & BK Trust counsel & BK Trustee counsel are currently working to get the BK Trustee's motion to dismiss in LA Court. Trustee are jointly pursuing the SBE litigation in LA. Trust was successful in it Motion to Remand the SBE litigation back to LA state court. The Ralichadine filed a motion to reconsider, which was denied.
-----------	---------	----	--	------------	--------------	--

95. The failure to distribute to the Certificateholders the excess of the \$5.9 million over the \$3,558,179 deducted to repay Advances violated the express terms of the PSA. As stated above, after deducting amounts due for Advances plus interest, the balance is suppose to be transferred to the Distribution Account for payment to the Certificateholders no later than the next occurring 15<sup>th</sup> day of the month. This was never done, nor did Orix ever apply these excess collateral proceeds to the Arlington loan.

96. Once again the expenses incurred by Orix in collecting and the making of servicing advances were not disclosed on the Form 1066 for the year 2006 attached as Exhibit K, nor was the year end amount of servicing advances for 2006 shown on page 16 of the December 29, 2006 distribution report in the amount of \$907,941 (Ex. D-33) shown as a liability on the balance sheet included in that return.

### Summary

97. The foregoing analysis of the Distribution Reports and Form 1066 tax returns establishes several facts. First, Orix has written down loans which either never should have been written down in the first place or were written down excessively. This lulls the Certificateholders into thinking that there will be losses. Then, Orix spends inordinate amounts of money to recover these losses and uses the recovered funds to reimburse these expenses which it never reported to the MLMI Trust and does not bother to distribute the surplus to the Certificateholders

in accordance with the terms of PSA because they would otherwise have to be paid 100% to the IRS. Instead Orix keeps the money. Orix will likely argue that this does not matter to the Certificateholders because the losses from the appraisal reduction were allocated to it as the holder of the first loss certificates.

98. However, what Orix does not state is that if it is unsuccessful, it still has the right under PSA Section 3.05 to reimburse itself for servicing advances out of money received on other mortgages. So, if Orix loses this case, it will simply take the cost of litigation out of funds due the senior Certificateholders plus interest. Orix will likely state that it does not intend to do this. Once again, this is another misrepresentation. Here the Distribution Reports showed that Orix has spent more than the principal balance of the Arlington loan trying to collect it. No prudent lender would do this with its own money. Thus, Orix is doing this because in reality it is using the money of the senior Certificateholders and it is even earning interest at the prime rate on these advances. So the more Orix litigates, the more money it makes. This probably explains why Orix has been unwilling to settle this case over the past three years. This is to the detriment of the Certificateholders for whom Orix is supposed to be acting as a fiduciary. In any event, just because Orix might own the first lost piece does not give it a license to violate the PSA and REMIC.

99. In conclusion, Orix has violated both the PSA and the REMIC tax code provisions and regulations in many ways, filed false tax returns, failed to pass along legitimate deductions to the Certificateholders, and failed to make distributions to Certificateholders which would have been applied to the debt. Therefore, it lacks capacity to seek any further recovery on its proof of claim in this case.

Dated: June 6, 2008

Respectfully Submitted,

WEYCER, KAPLAN, PULASKI & ZUBER, P.C.

By: /s/Edward L. Rothberg  
EDWARD L. ROTHBERG  
State Bar No. 17313990  
HUGH M. RAY, III  
State Bar No. 24004246  
Eleven Greenway Plaza, Suite 1400  
Houston, TX 77046  
Telephone: (713) 961-9045  
Facsimile: (713) 961-5341

ATTORNEYS FOR SCHUMANN RAFIZADEH

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail and/or first class mail, postage prepaid, on June 6, 2008, on the following parties:

**Chapter 7 Trustee**

Rodney Tow  
Tow & Koenig, PLLC  
26219 Oak Ridge Drive  
The Woodlands TX 77380

**Chapter 7 Trustee's Counsel**

Gary Cruciani  
Leonard A. Hirsch  
Karen E. Sprole  
Diamond McCarthy Taylor Finley & Lee LLP  
1201 Elm Street, Suite 3400  
Dallas, TX 75270

Kyung S. Lee  
Jason M. Rudd  
Clifford H. Walston  
Two Houston Center  
909 Fannin, Suite 1500  
Houston, TX 77010

Nan Roberts Eitel  
Jones Walker Waechter Poitevent Carrère &  
Denègre, LLP  
The Watergate  
2600 Virginia Avenue, NW, Suite 1113  
Washington, DC 20037  
**Counsel for Orix Capital Markets, LLC,**

Ben B. Floyd  
Randall A. Rios  
Lynn Chuang Kramer  
Munsch Hardt Kopf & Harr, PC  
Bank of America Center  
700 Louisiana, 46<sup>th</sup> Floor  
Houston, TX 77002  
**Counsel for Orix Capital Markets, LLC**

Stephen H. Kupperman  
Barrasso Usdin Kupperman Freeman & Sarver,  
L.L.C.  
**Counsel for Rodrick L. Hughes and Main &  
Marietta, LP**

909 Poydras Street, Suite 1800  
New Orleans, LA 70112

Andrew R. Harvin  
Peter B. Wells  
Doyle, Restrepo, Harvin & Robbins, LLP  
JPMorgan Chase Tower  
600 Travis Street, Suite 4700  
Houston, TX 77002  
**Counsel for Rodrick L. Hughes and Main &  
Marietta, LP**

Jon P. Bohn  
Bohn & Ducloux  
806 Main Street, Suite 1411  
Houston, TX 77002  
**Counsel for Super Future Equities, Inc.**

Jeffrey Wayne Glass  
8980 Lakes at 610 Drive, Suite 250  
Houston, TX 77054  
**Counsel for Azita Management and Azita  
Berglund**

Barnet B. Skelton, Jr.  
Barnet B. Skelton, Jr., P.C.  
1111 Bagby, 47th Floor  
Houston, TX 77002  
**Counsel for Universal Sourcing, LLC**

Matt Rubin  
2000 Bering Dr., Suite 909  
Houston, TX 77057  
**Counsel to One World Future Proprietary, Ltd.**

Matthew S. Okin  
Okin & Adams LLP  
1113 Vine St., Suite 201  
Houston, Texas 77002  
**Counsel for Keycorp**

/s/ Hugh M. Ray, III  
Hugh M. Ray, III



### Index of Exhibits

Par. 21 Exhibit A, UBS notice of settlement to Certificateholders  
Par. 21 Exhibit B, affidavit of John Dinan  
Par. 21, Exhibit C, Love Funding decision  
Par. 30 Exhibit D, Distribution Reports  
Par. 44, Exhibit E, Kepley affidavit  
Par. 52, Exhibit F, Form 1066 tax return for 2001  
Par. 55, Exhibit G, Form 1066 tax return for 2002  
Par. 56, Exhibit H, Form 1066 tax return for 2003  
Par. 62, Exhibit I, Form 1066 tax return for 2004  
Par. 65, Exhibit J Form 1066 tax return for 2005.  
Par. 68, Exhibit K Form 1066 tax return for 2006

MASTER SERVICER AND SPECIAL SERVICER  
NOTICE TO CERTIFICATEHOLDERS  
REGARDING DISTRIBUTION OF SETTLEMENT PAYMENT

Re: Pooling and Servicing Agreement (the "PSA") concerning Merrill Lynch Mortgage Investors, Inc. Mortgage Pass-Through Certificates, Series 1999-C1 (the "Trust")

*ORIX Capital Markets, L.L.C., as Master Servicer and Special Servicer of the Trust for the Certificateholders of the Merrill Lynch Mortgage Investors, Inc. Mortgage Pass-Through Certificates, Series 1999-C1, Suing on Behalf of the Trust and in the Name of Wells Fargo Bank, National Association, as Trustee of the Trust, ORIX Capital Markets, L.L.C., and Wells Fargo Bank, National Association, as Trustee of the Trust for the Certificateholders of the Merrill Lynch Mortgage Investors, Inc. Mortgage Pass-Through Certificates, Series 1999-C1 v. UBS Warburg Real Estate Securities, Inc. and UBS PaineWebber, Inc., Cause No. 02-02849, in the 192<sup>nd</sup> Judicial District Court of Dallas County, Texas (the "Litigation")*

That certain Settlement Agreement and Mutual Release effective as of September 13, 2004 regarding and resolving the Litigation (the "Settlement Agreement")

ORIX Capital Markets, L.L.C. in its capacity as Master Servicer and in its capacity as Special Servicer ("OCM"), hereby notifies Certificateholders of the Trust that OCM has determined that the \$19.375 million cash payment received by the Trust from or on behalf of the defendants in accordance with the terms contained in the Settlement Agreement (the "Settlement Payment") constitutes "Liquidation Proceeds" as that term is defined in the PSA; and further that such Liquidation Proceeds shall be treated as having been received in respect of the Virginia Apartment Portfolio loan (designated PW Loan No. 8703) (the "Lee Hall Loan") as referenced in the Mortgage Loan Purchase Agreement executed as of November 1, 1999 between PaineWebber Real Estate Securities, Inc., as Seller, and Merrill Lynch Mortgage Investors, Inc. as Purchaser (the "MLPA").

In accordance with and as a consequence of the characterization by OCM of the Settlement Payment as Liquidation Proceeds attributable to the Lee Hall Loan, OCM has certified to Wells Fargo Bank, National Association, as Trustee of the Trust (the "Trustee") that the distribution of the Settlement Payment in accordance with the distribution schedule attached hereto as Exhibit "A" (the "Distribution Schedule") (including, without limitation, the deferral of the recovery of expenses incurred by OCM in connection with the Litigation) is consistent with the requirements of the PSA.

It is OCM's present intention to recoup any remaining litigation expenses advanced by OCM in the course of prosecuting the Litigation only from payments otherwise attributable to certificates held by or on behalf of ORIX Capital Markets, L.L.C.

Exhibit "A" to Officer's Certificate dated 10/12/04

## Distribution of Liquidation Proceeds

Collateral ID:	
Annex A ID:	\$
Primary Servicer Loan Number:	PW-8703 296000038
Liquidation Proceeds	\$ 19,375,000.00
Recovery of Advances and interest thereon	
less P&I Advance	
less Servicing Advances	969,168.03
Litigation expenses	4,643,417.74
Other Servicing Advances	4,351,898.25
less Interest at the Reimbursement Rate	291,519.49
To Servicer - Recovery of Advances and interest thereon	316,277.31
	5,928,863.08
Available Distribution Amount	13,446,136.92
Accrued and unpaid interest on such Mortgage Loan at the related Mortgage Rate to but not including the Due Date in the Collection Period of receipt	
less Recovery of principal of such Mortgage Loan	2,942,583.21
Remaining Liquidation Proceeds	10,503,553.71
	0.00
Cumulative Litigation Expenses (to date)	7,819,738.60
Current Recovery of Litigation Expenses	4,351,898.25
Outstanding Litigation Expenses	3,467,840.55

10/12/2004  
10:46 AM

1 of 1

AFFIDAVIT OF JOHN DINAN

Before me, the undersigned authority, duly commissioned and qualified in and for the County and State aforesaid, personally came and appeared John Dinan, who, after being duly sworn, did depose and state as follows:

1. My name is John Dinan, and I am a Senior Vice President at ORIX Real Estate Capital, Inc. and a Director of Distressed and Proprietary Assets for ORIX Capital Markets, LLC ("ORIX"). I am over the age of 21, of sound mind, capable of making this affidavit, and fully competent to testify to the matters stated herein. I have never been convicted of a felony or any crime of moral turpitude. The facts and statements made herein are true and correct and are based upon information and belief.

Recent Ruling from Virginia Court Rejecting Claim

2. I understand the Court has requested this affidavit in response to Mr. Cimerring's claim that the settlement with UBS referenced in the Notice to Certificateholders discharges Mr. Cimerring of his obligations under his Guaranty to repay the money he borrowed through Lee Hall, but has not repaid.

3. Whether the UBS settlement discharges the obligations of the Guarantors of the Lee Hall Loan is an issue of Virginia law, and the Court in Virginia just days ago rendered its decision that it does not.

4. In a case in which Mr. Cimerring's co-Guarantor, Ran Nizan, made the identical claim that the UBS Settlement discharged his obligations under the Guaranty of the Lee Hall Loan, the Virginia Court found as a matter of law that the UBS settlement (a) was not a payment on the Lee Hall Loan, (b) did not reduce, discharge or release the obligations under the Guaranty to repay the entire amount due on the Lee Hall Loan, and (c) would not result in a "double

recovery" on the Lee Hall Loan. Attached hereto as *Exhibits A and B* are the two Orders entered by the Court on April 14, 2006.

5. The Court's Order expressly and specifically provides:
  - a. "Wells Fargo's settlement with UBS and the manner in which the proceeds of such settlement were allocated (a) *do not constitute or operate as a payment on the Lee Hall Loan* or a credit against the amount due on the Lee Hall Loan; (b) *do not reduce, discharge, release* or otherwise affect the obligations due under the Note, Guaranty or other Loan Documents; and (c) *do not discharge, release, reduce* or otherwise affect Nizan's obligation as Guarantor to repay the entire amount due under the Lee Hall Loan."
  - b. "The UBS settlement and the manner in which the proceeds of such settlement were allocated are not relevant to Nizan's obligation as Guarantor to repay the entire amount due on the Lee Hall Loan, and Wells Fargo's recovery under the Guaranty *does not constitute or operate as a double recovery.*"
  - c. "The UBS settlement and the manner in which the proceeds of such settlement were allocated are not relevant to Nizan's obligation as Guarantor to repay the entire amount due on the Lee Hall Loan, and Wells Fargo's recovery under the Guaranty *does not constitute or operate as a double recovery.*"

6. In light of this ruling by the Virginia Court with respect to the same Guaranty at issue in this case, Mr. Cimerring's claim that the UBS settlement discharges his obligations under his Guaranty should be summarily rejected by this Court.

7. Mr. Cimerring should not be permitted to obtain in this Court a ruling on Virginia law that conflicts with the ruling of a Virginia Court in a case that raised the identical claim with respect to the same Guaranty.

#### Background

8. Avram Cimerring and his partner, Ran Nizan, borrowed more than \$17 million through their company, Lee Hall, LLC ("Lee Hall"), to purchase investment property in the

United States. The Lee Hall loan was sold to a trust, known as the MLMI Trust, for which Wells Fargo serves as Trustee and ORIX serves as Special Servicer.

9. Mr. Cimerring obtained this loan as part of a fraudulent scheme for which the court in Virginia found him liable. The court found that Mr. Cimerring made false and misleading statements to secure the loan, that he violated his fiduciary duties to Wells Fargo to hold the rents in trust, that he unlawfully converted the rents for his own use, and that he fraudulently concealed his Secret Transfer Agreement with Mr. Nizan.

10. The Court ordered Mr. Cimerring to repay the money he borrowed, but to date Mr. Cimerring has refused to do so. Nor has anyone else made a payment on the Lee Hall Loan on behalf of Lee Hall, Mr. Cimerring or Mr. Nizan.

#### The Lee Hall Loan

11. In 1999, Mr. Cimerring and Mr. Nizan made arrangements to borrow \$17.4 million through their company, Lee Hall, to refinance their purchase of four apartment complexes in Virginia.

12. The loan was made to Lee Hall on July 21, 1999, and secured by deeds of trust (mortgages) on the four apartment complexes (the "Lee Hall Loan").

13. Mr. Cimerring and Mr. Nizan personally guaranteed the obligations due under the Lee Hall Note pursuant to a Guaranty of Recourse Obligations (the "Guaranty").

14. The Lee Hall Loan initially was made by Wexford Bancgroup ("Wexford"), a loan originator, but the actual funding was provided by Paine Webber Real Estate Securities, Inc. (now referred to as "UBS") pursuant to a "table funding" arrangement with Wexford. Under this

arrangement, Wexford originated the Lee Hall Loan as lender, then immediately assigned it to UBS at the closing on July 21, 1999.

The Securitization

15. UBS included the Lee Hall Loan in a pool of 36 commercial mortgage loans and sold that pool (the "UBS pool") to the Trust, which is administered by Wells Fargo as trustee.

16. Interests in the UBS pool and other loans were sold to investors - called Certificateholders - who acquired certificates to evidence their ownership interest in the collective pool of loans.

17. These Certificateholders essentially purchase an investment with an expected yield, or return, based on the quality of the loans in the pool.

Wells Fargo and ORIX

18. Wells Fargo is a national banking association and acts in its capacity as the trustee for the Trust.

19. ORIX is the Special Servicer for the Trust.

The Trust's Investment

20. The investment value, and thus the purchase price, of a loan portfolio is a function of the risk of loss.

21. The higher the assessed risk of loss, the lower the investment value of the portfolio. If the risk of loss is high, the purchase price is lower. If the risk of loss is low, the purchase price will be higher.

22. The risk of loss in a loan portfolio is primarily a function of the creditworthiness of the borrowers and guarantors and the quality of the collateral.

23. Based on UBS's representations about the loans in the pool it was selling, the Trust purchased the UBS pool of loans for a price that reflected the investment value of such loans *as represented* by UBS.

UBS's Representations

24. UBS sold the UBS pool of loans to the Trust pursuant to two contracts dated November 1, 1999: (a) a Mortgage Loan Purchase Agreement, and (b) a Pooling and Servicing Agreement. A true and correct copy of the Mortgage Loan Purchase Agreement is attached hereto as *Exhibit C* and incorporated herein by reference. A true and correct copy of excerpts from the Pooling and Servicing Agreement is attached hereto as *Exhibit D* and incorporated herein by reference.

25. At the time it sold the UBS pool of loans, UBS made numerous representations and warranties in the Mortgage Loan Purchase Agreement regarding the quality of the loans in the UBS pool and the value of the collateral securing such loans.

26. UBS's representations and warranties regarding the quality of the loans and the collateral affected the price the Trust was willing to pay for the UBS pool. The Trust paid UBS approximately \$170 Million for the UBS pool.

27. Neither Mr. Cimerling nor Mr. Nizan is a party to the Mortgage Loan Purchase Agreement or Pooling and Servicing Agreement and the obligations of Mr. Cimerling and Mr. Nizan under the Lee Hall Note and Guaranty are separate and distinct from the obligations of



These are different contracts which require different obligations and provide for different remedies upon breach of those obligations.

UBS's Misrepresentations

28. After it purchased the UBS pool, the Trust discovered that the representations and warranties made by UBS were false and that the quality of many of the loans in the pool and the value of the collateral securing such loans were significantly lower than represented in the Mortgage Loan Purchase Agreement.

29. Because UBS breached its representations and warranties, the value of the loan pool UBS delivered to the Trust was lower than the value of the loan pool UBS promised. Consequently, the Trust paid too much for the pool of loans, and UBS was liable to compensate the Trust for this overpayment. A true and correct copy of the Trust's demand letter is attached hereto as *Exhibit E* and incorporated herein by reference.

The UBS Litigation

30. The dispute with UBS led to litigation in the United States in which Wells Fargo and ORIX, each on behalf of the Trust, sought compensation for the injury caused by UBS's misrepresentations about the value of several of the loans in the UBS pool of loans. Attached hereto as *Exhibit F* is a true and correct copy of Plaintiff's Eighth Amended Petition against UBS.

31. In its claims against UBS, the Trust sought two alternate types of relief for the injury caused by UBS's misrepresentations:

- a. An order requiring UBS to repurchase certain of the loans it sold to the Trust;  
or

- b. Reimbursement from UBS to compensate the Trust for the amount it *overpaid* for the pool of loans – an *adjustment in the purchase price*.

The Settlement Agreement

32. On September 13, 2004, the parties entered into the Settlement Agreement and Mutual Release ("Settlement Agreement"), which I understand has been provided to the Court.

33. UBS did not repurchase any of the loans in the UBS pool. Instead, in accordance with the terms of the Settlement Agreement, UBS paid to ORIX for the benefit of the Trust the lump-sum payment (the "Settlement Payment") which was paid to compensate the Trust for its overpayment on the purchase of the UBS pool.<sup>1</sup> See the Special Notice to Certificateholders attached hereto as *Exhibit G* and incorporated herein by reference.

34. Specifically, the Settlement Payment from UBS resolved the litigation and included the following releases relating to the UBS pool:

- a. All claims which Wells Fargo, on behalf of the Trust, and ORIX individually, would have arising out of any provision of the Mortgage Loan Purchase Agreement and Pooling and Servicing Agreement;
- b. Two actions brought by ORIX in it individual capacity against UBS in connection with the Mortgage Loan Purchase Agreement;
- c. Certain claims that UBS made against ORIX and Wells Fargo in the UBS Litigation and in a separate action; and
- d. Certain claims by ORIX threatened against UBS for alleged anti-competitive conduct.

<sup>1</sup> Because of the confidentiality provision in the Settlement Agreement and because this Court has a copy of the Settlement Agreement, I have not included the specific Settlement Payment amount in this Affidavit.

No Effect on Obligations of Borrowers and Guarantors

35. The Settlement Agreement did not discharge, reduce or otherwise affect the obligations of the borrowers or guarantors on the underlying loans.

36. Similarly, the Settlement Agreement did not change or affect the Trust's ownership interest in the loans or its right to recover from the borrowers and guarantors the amounts due on the loans. This is expressly confirmed by the terms of the Settlement Agreement, which states:

*[T]he Trust shall retain all of its rights in and to all Mortgage Loans owned by the Trust, including those which are the subject of the Litigation, as well as all collateral securing such Mortgage Loans and all claims by the Trust against borrowers and/or guarantors in connection with such Mortgage Loans."*

37. The Trust remains the owner of all the loans in the pool of loans, including the Lee Hall Loan, and it has retained its right to proceed against all of the borrowers and guarantors, including Lee Hall, Mr. Cimerring and Mr. Nizan, for the entire amounts due under such loans.

UBS Did Not Repurchase or Make Payment on Any Loan

38. UBS did not repurchase the Lee Hall Loan or any other loan, and Wells Fargo did not assign any interest in the Lee Hall Loan or any other loan to UBS.

39. UBS did not make the Settlement Payment on behalf or for the benefit of Lee Hall, Mr. Cimerring or Mr. Nizan.

40. UBS did not make the Settlement Payment as a payment on the Lee Hall Loan, or as a credit against the amount due on the Lee Hall Loan.

41. UBS did not make the Settlement Payment to pay off or reduce the amount due on the Lee Hall Loan.

42. UBS did not make the Settlement Payment to discharge, release or reduce the obligation of Mr. Cimerring and Mr. Nizan under their Guaranty to repay the entire amount due under the Lee Hall Loan.

43. The Settlement Payment does not pay off any of the loans, but instead compensates the Trust for having paid UBS too much for the loans UBS sold to the Trust.

44. If UBS had repurchased the Lee Hall Loan (which it did not), Mr. Cimerring would still be obligated to repay what he borrowed, but he would be obligated to make the payment to UBS and not Wells Fargo.

45. Likewise, if UBS had paid off the Lee Hall Loan, which it did not, Mr. Cimerring would still be obligated to repay what he borrowed, but he would be obligated to make the payment to UBS and not Wells Fargo.

46. UBS, however, did *not* repurchase or pay off the Lee Hall Loan, and the Settlement Agreement confirms that Wells Fargo, not UBS, has the right to collect the amount due from Mr. Cimerring.

47. Mr. Cimerring is not a party to the Settlement Agreement, nor is he a third-party beneficiary of the Settlement Agreement.

48. The Settlement Agreement identifies several legal actions that were resolved with the Settlement Payment and would be dismissed as part of the settlement. Wells Fargo's actions against Mr. Cimerring, Lee Hall and Mr. Nizan were not included with these actions because the Settlement Agreement did not affect Wells Fargo's rights to collect the amounts due on the Lee Hall Loan on behalf of the Trust.

Decision Regarding Accounting of Settlement Payment

49. From the Trust's perspective, there are two account components: (1) the actual mortgage loans and their corresponding payments of principal and interest ("Loan Accounting"); and (2) the classes of certificates which are the beneficial owners of the principal and interest payments ("Trust Accounting"). The certificates are entitled to cash flows generated by the collective pool of loans and do not have a one-to-one relationship from particular loans to particular classes (i.e. the Certificateholders are paid from pooled principal and pooled interest payments).

50. The drafters of the PSA did not anticipate – and thus did not provide for an accounting mechanism for recording the type of payment the Trust received from UBS. See CMBS Weekly dated September 22, 2004 attached hereto as *Exhibit H* and incorporated herein by reference. This report includes an entire section titled, "Allocation of Unforeseen Payments" and describes the multitude of complexities of the Trust's decision on accounting for and reporting the proceeds of the UBS settlement. See *Exhibit H* at 6-7.

51. The Trust thus had to "characterize" the UBS settlement for Trust Accounting purposes as having been received with respect to one of the loans in the pool. It made no difference for accounting purposes which loan the Trust chose. It could have been any one or more of the loans in the pool.

52. Working within the parameters of the Pooling and Servicing Agreement – and solely for Trust accounting and investor reporting purposes – the Trust "characterized" and

"treated" the settlement proceeds as having been received "with respect to" the worst performing loan in the portfolio, which happened to be the Lee Hall Loan.

53. Notably, the Trust did *not* characterize the settlement as a "payment" on the Lee Hall Loan or any other loan, because it was *not* a payment on any loan.

54. To further demonstrate this point, it is significant that the "characterization" of the settlement as attributable to the Lee Hall Loan is *not* a permanent one. Instead, to the extent the Trust recovers payment on the amount due on the Lee Hall Loan, the proceeds of the UBS settlement are "re-characterized" for accounting and reporting purposes as having been received with respect to the next poorest performing loan in the pool.

#### Notice to Certificateholders

55. Wells Fargo and ORIX notified the Certificateholders of the manner in which it had "characterized" the settlement proceeds for internal accounting and reporting purposes and certified to the Trust that the *characterization* is consistent with the accounting requirements of the Pooling and Servicing Agreement. A true and correct copy of the Notice to Certificateholders is attached hereto as *Exhibit I* and incorporated herein by reference.

56. The Notice to Certificateholders states as follows:

"[ORIX]" ... hereby notifies Certificateholders of the Trust that [ORIX] has determined that the \$19.375 million cash payment received by the Trust from, or on behalf of the defendants in accordance with the terms contained in the Settlement Agreement constitute "Liquidation Proceeds" as that term is defined in the [Pooling and Servicing Agreement]; and further that such Liquidation Proceeds *shall be treated as having been received in respect of the [Lee Hall Loan]*....

In accordance with and as a consequence of the characterization by [ORIX] of the Settlement Payment as Liquidation Proceeds attributable to the Lee Hall Loan, [ORIX] has certified to [Wells Fargo] that the distribution of the Settlement

Payment ... is consistent with the requirements of the [Pooling and Servicing Agreement]."

57. ORIX purposefully did not use language that might incorrectly have suggested that the UBS Settlement was a "payment" made by UBS on any loan. Instead, it used language emphasizing that the proceeds were merely being "characterized" as liquidation proceeds "treated as" received in respect of and "attributable to" the Lee Hall Loan.

Notice to Certificateholders Does Not Discharge Mr. Cimerring

58. The "characterization" of the settlement proceeds for internal accounting and reporting purposes as having been received with respect to one loan versus another does not operate to discharge the debtors from their obligation to repay the loan. That is, the "characterization" does not transform a partial refund of the price paid for the pool of loans into a "payment" on any particular loan.

59. A simple example demonstrates that the Notice to Certificateholders does not discharge Mr. Cimerring of his obligations to repay the money he borrowed and promised to repay.

60. A bank makes ten mortgage loans to ten home buyers for \$100,000 each.

61. The bank sells the ten loans to an investor makes representations about the credit of the borrowers and the value of the mortgaged property.

62. Based on these representations, the investor agrees to pay \$990,000 to purchase the mortgage loans. The bank's representations, however, were false.

63. The investor discovers the false representations and learns that the homeowners are worse credit risks as represented by the bank. The actual investment value of the loans,

63. The investor discovers the false representations and learns that the homeowners are worse credit risks as represented by the bank. The actual investment value of the loans, therefore, with the higher likelihood of defaults, was only \$900,000, not the \$990,000 paid by the investor.

64. The investor sues the bank, and the bank agrees to pay \$90,000 representing the amount the investor overpaid for the loans.

65. For his own internal accounting and reporting considerations, the investor "characterized" the payment as attributable to the highest risk loan.

66. The borrower on this highest risk loan discovers how the investor recorded the payment from the bank and claims he no longer owes the money he borrowed. This would be an absurd result. It would provide a windfall to the borrower at the expense of the investor, and it is exactly the result that Mr. Cimenting is asking this Court to accept.

*In Re Cyrus*

67. ORIX and Wells Fargo were recently presented with the identical claim by another borrower and guarantor involving the same pool of loans and the same settlement with UBS. The case is styled *In Re Cyrus*. A true and correct copy of the order entered in the *Cyrus* case is attached hereto as *Exhibit J*, and a true and correct copy of ORIX's Motion to Quash *Cyrus* is attached hereto as *Exhibit K*.

68. The *Cyrus* case was relied upon by the Court in Virginia in finding that the UBS settlement was not a payment on the Lee Hall Loan and did not reduce, discharge or release the obligations under the Guaranty to repay the entire amount due on the Lee Hall Loan.



69. The operative facts in that case are identical to those in this case. The borrower and guarantor claimed that the proceeds of the UBS settlement operate as a credit against their obligations to repay the amounts due under the Cyrus Loan.

70. The *Cyrus* court rejected the borrower's and guarantor's request for such discovery on the ground that evidence of the UBS settlement and the manner in which Wells Fargo allocated the proceeds would have no effect on their obligations under the Cyrus Loan. The same is true in this case.

71. The *Cyrus* court stated that a "*logical, common sense explanation*" explains why the UBS settlement and Wells Fargo's allocation of the proceeds did not discharge the obligations of the Cyrus borrower and guarantor:

"When the Debtors signed the loan documents, they became obligated to the holders of the debt. UBS Warburg was never a maker of the note. UBS allegedly breached an independent obligation that it had to ORIX. When it settled its breach by the payment of \$19.4 million, UBS could have negotiated that it would have paid more to ORIX for the transfer of the note to UBS. Or, UBS could have paid less and left the note with ORIX. UBS Warburg's breach was independent of the Debtors' payment obligation. If UBS had acquired the note as part of its settlement (i.e., UBS had paid \$19.4 million and received the note from ORIX), the Debtors would have no conceivable argument that the Debtors would be entitled to a credit for UBS's payment. The transaction that occurred was wholly independent of the Debtors' obligation to pay on the note. Because UBS Warburg paid less and left the note with ORIX, the Debtors allege that they are entitled to a credit. Logic dictates that the amount owed by the Debtors should not be affected by the structure of a settlement between third parties."

72. This "*logical, common sense explanation*" applies equally to the identical operative facts in this case.

73. Just as in *In re Cyrus*, when Mr. Cimerring signed the Guaranty, he became obligated to the holders of the debt.

74. UBS was never a maker of the Lee Hall Note, nor was it a guarantor of the obligations under the Lee Hall Note.

75. UBS breached an independent obligation that it had to the Trust, which was to make true representations about the pool of loans it sold to the Trust.

76. When it settled its breach by making the Settlement Payment, UBS could have negotiated that it would have paid more to the Trust for the transfer of the Lee Hall Note to UBS. Or, UBS could have paid less and left the Lee Hall Note with the Trust.

77. UBS's breach was independent of the obligations of Lee Hall, Mr. Nizan and Mr. Cimerring to pay the amounts due under the Lee Hall Note and the Guaranty.

78. If UBS had acquired the Lee Hall Note as part of its settlement with the Trust (that is, if UBS received the Lee Hall Note from the Trust), Mr. Cimerring would have no conceivable argument that he would be entitled to a credit for UBS's payment.

79. The transaction that occurred in UBS's sale of the pool of loans to the Trust was wholly independent of the obligation of Mr. Cimerring to pay on the Loan and Guaranty. The amount owed by Mr. Cimerring should not be affected by the structure of a settlement between third parties.

80. In applying principles of law that "tracked the logic" of its "common sense" ruling, the Cyrus court stated, "Inasmuch as ORIX's claims against UBS Warburg and the Debtors are *legally unrelated*, ORIX is not required to credit its claim against the Debtors with its recovery against UBS."

81. Likewise, the Trust's claims against UBS and against Mr. Cimerring are "legally unrelated," and Mr. Cimerring therefore is not entitled to a credit from the settlement with UBS.

82. The Trust's claim against UBS was for misrepresentations made by UBS in the sale of the pool of loans to the Trust. The Trust was entitled to recover from UBS the amount it overpaid in its purchase of the pool of loans.

83. On the other hand, Wells Fargo's claim against Mr. Cimerring is for payment of amounts due under the Loan and Guaranty.

84. Mr. Cimerring is not liable to the Trust for the amount the Trust overpaid for its purchase of the pool of loans, and UBS is not liable for the amounts due under the Loan. The obligations are *legally unrelated*.

85. The Trust's settlement of its claim against UBS therefore does not affect Mr. Cimerring's obligations to repay the amounts due under the Loan.

Court Should Await Determination from Virginia Court

86. Virginia law governs the determination whether the UBS settlement will operate to discharge Mr. Cimerring of his obligations under his Guaranty.

87. The Court in Virginia already has ruled on this issue in favor of the Trust in the claim asserted by Mr. Cimerring's partner and co-Guarantor, Mr. Nizan.

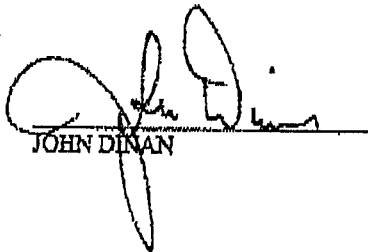
88. This ruling of the Virginia court is equally applicable to the same claim asserted by Mr. Cimerring with respect to the same Lee Hall Loan, the same Guaranty and the same UBS settlement.

89. Five months ago, on November 1, 2005, Mr. Cimerring filed his own action in the Virginia Court asserting the same claim, but he has not yet requested the Court to rule on his claim.

90. The Court in Virginia will enter the same ruling in Mr. Cimerring's case as it did in Mr. Nizan's case, which will fully and finally dispose of Mr. Cimerring's claim that he was discharged by the UBS settlement.

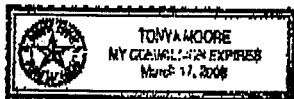
91. If this Court has any reservations about applying the ruling issued by the Virginia Court with respect to Mr. Nizan, it should await the ruling of the Virginia Court with respect to the same claims asserted by Mr. Cimerring before making its decision.

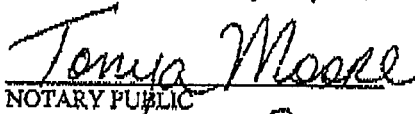
Pursuant to Virginia Code § 8.01-4.3, I declare under penalty of perjury this 24<sup>th</sup> day of April 2006, that the foregoing is true and correct.

  
JOHN DINAN

STATE OF TEXAS :  
COUNTY OF DALLAS :

Sworn and subscribed to before me, this 24th day of April 2006.



  
NOTARY PUBLIC

Commission Expires: 3/17/08

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
TRUST FOR THE CERTIFICATE :  
HOLDERS OF THE MERRILL LYNCH :  
MORTGAGE INVESTORS, INC. :  
MORTGAGE PASS-THROUGH :  
CERTIFICATES SERIES 1999-C1, :  
by and through ORIX Capital Markets, :  
LLC, as Master Servicer and Special :  
Servicer, :

Plaintiff, :

- against - :

LOVE FUNDING CORPORATION, :

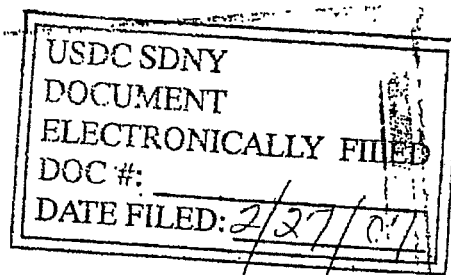
Defendant. :  
-----X

SHIRA A. SCHEINDLIN, U.S.D.J.:

I. INTRODUCTION

The Trust for the Certificate Holders of the Merrill Lynch Mortgage Investors, Inc. Mortgage Pass-Through Certificates, Series 1999 C-1 ("Trust") brings this action against Love Funding Corporation ("Love Funding") for breach of contract. The Trust's claim arises from Love Funding's breach of representations and warranties set forth in a Mortgage Loan and Purchase Agreement ("Love MLPA") between Love Funding and Paine Webber Real Estate Securities, Inc. ("PWRES"), whose successor, UBS Paine Webber ("UBS"),<sup>1</sup>

<sup>1</sup> PWRES is hereafter referred to as UBS.



OPINION AND ORDER

04 Civ. 9890 (SAS)

subsequently assigned its rights under the Love MLPA to the Trust.<sup>2</sup> Because this Court has already determined, as a matter of law, that Love Funding breached one of its warranties under the Love MLPA,<sup>3</sup> the issues remaining for trial included Love Funding's affirmative defense of champerty and the amount of damages, if any, the Trust may recover from Love Funding. A bench trial was held from January 17, 2007 to January 23, 2007. The following constitutes the Court's findings of fact and conclusions of law.

## II. CHAMPERTY

New York statutory law provides that:

no corporation or association, directly or indirectly, itself or by or through its officers, agents or employees, shall solicit, buy or take an assignment of, or be in any manner interested in buying or taking an assignment of a bond, promissory note, bill of exchange, book debt, or other thing in action, or any claim or demand, *with the intent and for the purpose of bringing an action or proceeding thereon.*<sup>4</sup>

Interpreting the champerty statute's "intent and purpose" requirement, the New

---

<sup>2</sup> New York law governs the interpretation of the Love MLPA and determines the parties' rights and obligations thereunder. *See* Love MLPA § 9.05, Joint Exhibit ("JX") 1.

<sup>3</sup> *See Trust for the Certificate Holders of the Merrill Lynch Mortgage Investors, Inc. Mortgage Pass-Through Certificates, Series 1999 C-1 v. Love Funding Corp.* ("Trust I"), No. 04 Civ. 9890, 2005 WL 2582177, at \*7 (S.D.N.Y. Oct. 11, 2005).

<sup>4</sup> N.Y. Jud. L. § 489(1) (McKinney 2007) (emphasis added).

York Court of Appeals has held that:

[I]n order to constitute champertous conduct in the acquisition of rights . . . the foundational intent to sue on that claim must at least have been the primary purpose, if not the sole motivation behind, entering into the transaction . . . . The bottom line is that Judiciary Law § 489 requires that the acquisition be made with the intent and for *the* purpose (as contrasted to *a* purpose) of bringing an action or proceeding.<sup>5</sup>

Importantly, “the question of the intent and purpose of the purchaser or assignee of a claim is usually a factual one to be decided by the trier of facts.”<sup>6</sup>

The policy behind the champerty doctrine is to “prevent the resulting strife, discord and harassment which could result from permitting attorneys and corporations to purchase claims for the purpose of bringing actions thereon . . . .”<sup>7</sup>

Champerty “does not embrace a case where some other purpose induced the purchase [or assignment],” and the intent to sue “was merely incidental and

---

<sup>5</sup> *Bluebird Partners, L.P. v. First Fidelity Bank, N.A.*, 94 N.Y.2d 726, 736 (2000). *Accord Elliott Assocs., L.P. v. Banco de La Nacion*, 194 F.3d 363, 381 (2d Cir. 1999) (holding that New York’s champerty statute was not violated where the “accused party’s primary goal [was] found to be the satisfaction of a valid debt and its intent is only to sue absent full performance” (quotations and citation omitted)); *Semi-Tech Litig., L.L.C. v. Bankers Trust Co.*, 272 F. Supp. 2d 319, 331 (S.D.N.Y. 2003).

<sup>6</sup> *Bluebird*, 94 N.Y.2d at 738 (quoting *Fairchild Hiller Corp. v. McDonnell Douglas Corp.*, 28 N.Y.2d 325, 330 (1971)). *See also id.* at 735 (observing that the limited scope of the doctrine should leave courts “hesitant” to find champerty at the summary judgment stage).

<sup>7</sup> *Fairchild*, 28 N.Y.2d at 330.

contingent.”<sup>8</sup>

### III. FINDINGS OF FACT

#### A. The Parties<sup>9</sup>

The Trust is a New York trust created pursuant to an agreement dated November 1, 1999, between Merrill Lynch Mortgage Investors, Inc. (“MLMI”), as Depositor, Orix Capital Markets, LLC (“Orix”), as Master and Special Servicer, and Norwest Bank Minnesota, N.A., as Trustee. Love Funding is a Virginia corporation with its principal place of business in Washington, D.C. It is “a full-service, commercial mortgage-banking firm” that “offers loan placement services for borrowers, and origination, consulting and servicing of loans for investors.”<sup>10</sup>

#### B. The Arlington Loan<sup>11</sup>

On or about July 6, 1999, Love Funding made a \$6.4 million mortgage loan (“Arlington Loan”) to Cyrus II Partnership (“Cyrus”). The loan is evidenced by a Promissory Note (“Note”) in the original principal amount. The Note was secured by, among other things, a Mortgage Security Agreement and

---

<sup>8</sup> *Sprung v. Jaffe*, 3 N.Y.2d 539, 544 (1957) (finding a triable issue of fact raised by defendant’s affirmative defense of champerty).

<sup>9</sup> All facts set forth in Part III.A are taken from the Joint Statement of Undisputed Facts (“Joint Stmt.”).

<sup>10</sup> Love Funding, *Company Profile*, at <http://www.lovefunding.com/about/profile.shtml>.

<sup>11</sup> Unless otherwise noted, all facts in Part III.B are taken from the Joint Stmt.



Assignment of Leases and Rents ("Mortgage"), which was a lien on Cyrus's property known as the Arlington Apartments located in Harvey, Louisiana. The Note was further secured by a Guaranty of Borrower's Recourse Obligations, executed by Mondona Rafizadeh, a principal of the Borrower. Before entering into the Arlington Loan, Love Funding conducted certain due diligence, which included collecting information, performing limited lease audits, and making site visits to the Arlington property.

Love Funding made the Arlington Loan pursuant to a conduit lending arrangement it had entered into with UBS in early 1999. Under this arrangement, Love Funding would find prospective loans for UBS to underwrite. Love Funding was the lender in these transactions, but UBS actually funded the loans, which were assigned to UBS. Love Funding and UBS memorialized the terms of this relationship in the Love MLPA, which is dated April 23, 1999, and was drafted by UBS. In the Love MLPA, Love Funding made certain representations and warranties concerning the individual mortgage loans. Section 5.02 of the Love MLPA reads, in pertinent part:

. . . [A]s to each Mortgage Loan, the Seller hereby makes the following representations and warranties to the Purchaser as of each related Closing Date:

[paragraphs omitted]

(cc) There is no default, breach, violation or event of acceleration existing under the related Mortgage or the

related Mortgage Note.<sup>12</sup>

Section 5.03 of the Love MLPA defines the Purchaser's (UBS's) remedies in the event of a breach of the Seller's (Love Funding's) representations and warranties.

It states, in pertinent part:

- (a) . . . [U]pon discovery by either the Seller or the Purchaser of a breach of any of the foregoing representations and warranties which materially and adversely affects the value of any or all of the Mortgage Loans . . . the party discovering such Breach shall give prompt written notice to the other.
- (b) Within sixty (60) days of the earlier of either discovery by or notice to the Seller of any Breach of a representation or warranty, *the Seller shall cure* such Breach in all material respects and, *if such breach cannot be cured, the Seller shall, at the Purchaser's option, repurchase such Mortgage Loan* at the Repurchase Price . . . .<sup>13</sup>

The Love MLPA also includes an indemnification clause providing that in addition to curing or repurchasing a defaulted loan, Love Funding shall indemnify the Purchaser "from and against all demands claims or asserted claims . . . costs and expenses, including reasonable attorneys' fees incurred . . . in any way arising from or related to any breach of any representation [or] warranty . . . of the

---

<sup>12</sup> Love MLPA § 5.02.

<sup>13</sup> *Id.* § 5.03 (emphasis added). This Court previously held that the term "Repurchase Price," as used in the Love MLPA, consists of the stated principal balance, simple interest and default interest accrued on the Arlington Loan. See *Trust I*, 2005 WL 2582177, at \*5.

Seller hereunder.”<sup>14</sup>

The Arlington Loan was assigned to UBS pursuant to the Love MLPA on July 6, 1999. As consideration for originating the Arlington Loan, Love Funding received a fee of \$64,000. UBS then sold the Arlington Loan to MLMI who, in turn, transferred the Arlington Loan to the Trust in November 1999 as part of a larger commercial mortgage-backed securities transaction involving numerous loans. As part of this transaction, MLMI and UBS entered into an MLPA (“MLMI MLPA”) dated November 1, 1999.<sup>15</sup> Under the MLMI MLPA, UBS made several representations and warranties concerning these loans, including ones substantively similar to those made by Love Funding in section 5.02(cc) of the Love MLPA. The MLMI MLPA also contained a provision similar to section 5.03 of the Love MLPA, requiring UBS to either cure any breach of a representation or warranty or, if such breach could not be cured, to repurchase the problem loan.

### **C. The Borrower’s Fraud**

It is undisputed that Cyrus committed fraud in obtaining the Arlington Loan.<sup>16</sup> It is also undisputed that Love Funding was unaware of this fraud at the

---

<sup>14</sup> Love MLPA § 9.14(a).

<sup>15</sup> Love Funding was not a party to the MLMI MLPA.

<sup>16</sup> A Louisiana court found the evidence of Cyrus’s fraud overwhelming. That conduct included the submission of fake leases and a false rent roll, borrower certificate, loan application and financial statement to Love Funding. *See Cyrus II*

time it assigned the loan to UBS pursuant to the Love MLPA.<sup>17</sup> The Trust and Love Funding stipulate that by March 2002 and sometime in the fall of 2002, respectively, they each had knowledge of Cyrus's underlying fraud.<sup>18</sup> Under the terms of the Mortgage, this fraud constituted an event of default resulting in an acceleration of the loan.<sup>19</sup> The parties' knowledge of the fraud also triggered section 5.03(a) of the Love MLPA, which obligates each of the Seller and Purchaser to promptly notify the other upon discovering any breach of a representation or warranty that materially and adversely effects the value of a mortgage loan. Despite this mutual obligation, neither party, upon learning that the Arlington Loan had been induced by lies and forged documents, notified the other. In *Trust I*, this Court found that UBS's failure to promptly notify Love Funding of

---

*P'ship v. Orix Capital Mkts., LLC*, Docket No. 578-417, slip op. at 13 (Jefferson Parish Ct. Dec. 23, 2004), JX 72.

<sup>17</sup> In *Trust I*, familiarity with which is presumed, this Court found Love Funding strictly liable for breaching representations and warranties under section 5.02(cc) of the Love MLPA. See 2005 WL 2582177, at \*7.

<sup>18</sup> See Joint Stmt. ¶ 51 (the Trust discovered facts suggesting Cyrus's fraud by March 13, 2002). Andrew S. Love, a Love Funding board member, testified that by the fall of 2002, Love Funding knew "the borrower had done plenty wrong." Trial Transcript ("Tr.") at 393-96.

<sup>19</sup> See Mortgage § 20 (stating that the debt shall become immediately due upon an event of default, and that the submission of any false or misleading document by Cyrus constituted an event of default), JX 3.

Cyrus's fraud constituted a breach of the Love MLPA.<sup>20</sup>

**D. The MLMI Litigation**

Between April and August 2002, the Trust demanded that UBS repurchase the Arlington Loan pursuant to the MLMI MLPA.<sup>21</sup> UBS rejected this demand, and in September and October 2002, the Trust instituted various lawsuits against UBS (collectively known as the "MLMI Litigation") related to, *inter alia*, the sale of over thirty loans by UBS to the Trust, including the Arlington Loan.<sup>22</sup> For the next two years, the Trust and UBS engaged in what is referred to colloquially as scorched earth litigation; it proceeded in one federal court, two Texas state courts and New York state court, involved approximately seventy attorneys at ten separate law firms, and spent tens of millions of dollars in legal fees.<sup>23</sup>

---

<sup>20</sup> See *Trust I*, 2005 WL 2582177, at \*7 n.64. At trial, Love Funding argued that its failure to provide notice to UBS was reasonable, given that by the time it learned of Cyrus's default, it was aware that UBS already knew of the fraud. See Tr. at 393-96 (Love). It also argued that it did not perceive that it had breached the Love MLPA by virtue of Cyrus's fraud. See *id.* My previous ruling did not address whether Love Funding's failure to provide notice constituted a breach of section 5.03(a). As set forth below, whether or not Love Funding breached its duty to give notice to UBS under the Love MLPA is irrelevant.

<sup>21</sup> See Joint Stmt. ¶¶ 72, 74.

<sup>22</sup> See *id.* ¶¶ 78-84.

<sup>23</sup> The Trust purportedly spent \$7 million in legal fees; UBS purportedly spent over \$30 million. See Tr. at 199-201 (Dinan). To the extent the Trust seeks

UBS fiercely defended the claims brought by the Trust. Although the Arlington Loan was not the only loan at issue, the Trust acknowledged that it was one of the “poster child” loans that sparked and drove the MLMI Litigation.<sup>24</sup> Surprisingly, however, neither the Trust nor UBS saw fit to involve Love Funding in their dispute over the Arlington Loan. And although Love Funding was in communication with both UBS and the Trust before and during the MLMI Litigation,<sup>25</sup> neither party notified Love Funding that it believed Love Funding was liable for damages stemming from the Arlington Loan. As UBS and the Trust engaged in a war of attrition, Love Funding watched from the sidelines; Love Funding was never named as a party to their litigation.<sup>26</sup>

---

indemnification from Love Funding for UBS’s MLMI Litigation costs, the Trust limits this claim to attorneys’ fees paid to a single law firm, Cahill, Gordon & Reindel LLP, which represented UBS with respect to the Arlington Loan. *See* Plaintiff’s Trial Memorandum of Law (“Pl. Mem.”) at 17.

<sup>24</sup> Tr. at 198 (Dinan), 583-85 (Wurst).

<sup>25</sup> The Trust first contacted Love Funding in April 2002 for the purpose of obtaining third-party discovery that was ultimately used in the MLMI Litigation. *See* Tr. at 279 (Simon). This discovery included Arlington Loan origination documents and the deposition of several witnesses from Love Funding. *See id.*; Joint Stmt. ¶¶ 80-81.

<sup>26</sup> UBS did implead another loan originator, Wexford Bancgroup LLC, as a third-party defendant in the MLMI Litigation. *See* Joint Stmt. ¶ 83. Wexford had originated a loan secured by several properties referred to as the “Lee Hall Loan,” and UBS sought indemnity from Wexford based on the terms and conditions of a MLPA between Wexford and PaineWebber. *See id.*

In March 2002, the Trust had declared the Arlington Loan to be in default and accelerated the full amount of the loan, even though Cyrus was then current on all principal and interest payments.<sup>27</sup> The Trust also commenced a mortgage foreclosure action in Louisiana, and on March 14, 2002, the Jefferson Parish Sheriff seized the Arlington Apartments and placed a receiver, referred to as a “keeper,” in control of the property.<sup>28</sup>

**E. Assignment of the Love MLPA**

The Trust and UBS settled the MLMI Litigation on September 13, 2004. At the time they settled, there were thirty-three loans outstanding that had been originated by UBS and deposited into the Trust. Pursuant to the terms of a settlement agreement (“Settlement”), UBS and the Trust exchanged mutual releases as to any future claims relating to all of the loans, including the Arlington Loan. As consideration for its releases, UBS paid the Trust \$19.375 million.<sup>29</sup> As John Dinan, Director of Distressed and Proprietary Assets at Orix, explained it, the purpose of this payment was to compensate the Trust for its losses on all of the

---

<sup>27</sup> See Joint Stmt. ¶¶ 48-49.

<sup>28</sup> See *id.* ¶¶ 52-55. The Trust also filed an action in Texas state court related to the Arlington Loan. See *id.* ¶ 55.

<sup>29</sup> See Settlement, JX 62 ¶ 2.

loans from which it was releasing UBS, *except* the Arlington Loan.<sup>30</sup> Instead, as the Trust's sole consideration for releasing UBS from its obligations under the Arlington Loan, UBS assigned to the Trust all of UBS's rights under the Love MLPA.<sup>31</sup>

Dinan, who was in charge of handling the Arlington Loan for the Trust and whose testimony I credit with respect to this issue, described how the Arlington Loan came to be "carved out" from the rest of the Settlement.<sup>32</sup> During settlement negotiations, UBS and the Trust discussed various ways of settling the Arlington Loan dispute.<sup>33</sup> One option was that UBS would repay the Trust for its overpayment to UBS for this now-defaulted loan. At one point, the Trust had requested that UBS pay it an additional "\$4 or \$5 million" as compensation for Arlington.<sup>34</sup>

An alternative option, the one ultimately chosen, was the Assignment.

---

<sup>30</sup> See Tr. at 88 (Dinan).

<sup>31</sup> See *id.* at 77 (Dinan). The actual assignment agreement was not negotiated and signed by the parties until November 18, 2004, but by its terms it had become effective September 13, 2004. See *id.* at 77-82 (Dinan); Assignment of Claims and Causes of Action ("Assignment"), JX 69.

<sup>32</sup> See Tr. at 174-75 (Dinan).

<sup>33</sup> See *id.* at 89-93 (Dinan).

<sup>34</sup> *Id.* at 90 (Dinan).



Initially, however, the Trust was reluctant to accept the Assignment. Dinan testified that:

I recall there being a discussion about, you know – if we take the assignment – if we take the assignment, then we’re basically – which we did not want to do, you know, then we’re just – *we’re continuing a microcosm of the litigation that has already been going on for the last three years with UBS.*<sup>35</sup>

James Thompson, President and CEO of Orix USA,<sup>36</sup> characterized the Assignment similarly in an email he sent to Brian Harris of UBS a week before the Settlement was finalized. Thompson wrote: “. . . our [the Trust’s] guys . . . do like the Love Funding claim, *but that’s a whole new lawsuit*, which doesn’t turn a lot of folks on.”<sup>37</sup>

In sum, UBS and the Trust treated the Arlington Loan separately from all of the other MLMI Litigation loans. Not a cent of UBS’s \$19.375 million Settlement payment to the Trust was allocated to the Arlington Loan. The Trust took, as its sole consideration from UBS for losses related to Arlington, all of UBS’s rights and claims against Love Funding under the Love MLPA.

---

<sup>35</sup> Defendant’s Trial Memorandum of Law (“Def. Mem.”) at 7 (citing Deposition of John Dinan, May 31, 2006 (“Dinan Dep.”), at 139:05 – 140:10, Defendant’s Exhibit (“DX”) EE).

<sup>36</sup> Orix is hereafter referred to as the Trust.

<sup>37</sup> 9/07/04 Email from Thompson to Harris (“9/07/04 Thompson Email”), JX 58 (emphasis added).

## **F. The Trust Sues Love Funding**

Although the Trust had been in contact with Love Funding since April 2002,<sup>38</sup> the Trust did not assert Love Funding's liability for Arlington-related losses until after acquiring the Assignment, in September, 2004.<sup>39</sup> At trial, the Trust argued that upon becoming assignee, its representative, Michael Wurst, immediately called Love Funding with the intent of opening a dialogue between the parties that would obviate the need for litigation.<sup>40</sup> Over the course of several telephone conversations with Karen Ford, Senior Vice President of Love Funding and/or Harry Cheatham, President and CEO of Love Funding, the Trust demanded that Love Funding either cure its breach or repurchase the Arlington Loan.<sup>41</sup> According to the Trust, even though Wurst never specified the cost of repurchase, Love Funding refused to cure or repurchase and instead requested "more information" as to why it was liable.<sup>42</sup> In opposition to the Trust's contention, Love Funding asserted at trial that Wurst had specified a repurchase price.<sup>43</sup> Ford

---

<sup>38</sup> See Tr. at 279 (Simon).

<sup>39</sup> See *id.* at 422-23 (Love), 489-90 (Ford), 336-40 (Wurst).

<sup>40</sup> See *id.* at 23-24 (Trust opening statement), 339 (Wurst).

<sup>41</sup> See *id.* at 423 (Love), 489-500 (Ford), 337-39 (Wurst).

<sup>42</sup> *Id.* at 339 (Wurst). Accord *id.* 97-102 (Dinan).

<sup>43</sup> See *id.* at 70-72 (Love Funding opening argument).

testified on behalf of Love Funding with respect to this issue, and I credit her testimony because she appeared to testify truthfully, there is some corroboration, and because no evidence was offered to rebut her testimony.<sup>44</sup> Ford testified that during one of their telephone conversations, Wurst informed her that Love Funding was liable to the Trust for slightly upwards of \$10 million.<sup>45</sup> Ford further testified that she and others at Love Funding found this amount “shocking,” as it far exceeded the original amount of the loan and was approximately twice the total net value of Love Funding.<sup>46</sup> It bears noting that this amount also far exceeded the Trust’s own previous calculation of its losses with respect to Arlington

---

<sup>44</sup> During the Trust’s opening argument, the Court twice asked counsel for the Trust whether, prior to filing suit, the Trust ever quoted Love Funding a price for releasing it from liability under the Love MLPA. *See id.* at 23-24. The Trust expressly stated that no monetary figure was ever mentioned, either orally or in writing, but then failed to offer proof of this claim by, for example, calling Wurst as a witness to rebut Ford’s testimony. Nor did Wurst refute this testimony in his deposition that was received in evidence.

<sup>45</sup> *See id.* at 461-90 (Ford). It is unclear from Ford’s testimony whether Wurst indicated what comprised this \$10 million-plus figure – *i.e.*, principal, interest, or indemnification. On cross-examination, Ford was confronted with the fact that she failed to mention this monetary demand during her pre-trial deposition, when she was asked to recall the content of her fall 2002 conversations with Wurst. *See id.* at 494-97. Ford explained that this omission had been a simple oversight on her part. At deposition, she had been asked only generalized questions about these conversations, and she only recalled the \$10 million-plus demand upon reading the Trust’s pre-trial brief. *See id.* at 494.

<sup>46</sup> *Id.* at 464-65 (Ford).

(approximately \$3 million),<sup>47</sup> as well as the \$4 or \$5 million the Trust had once been prepared to accept from UBS as compensation for releasing UBS from the Arlington Loan.<sup>48</sup>

In addition to Ford's testimony, Love Funding's contention that the Trust quoted a price approximating \$10 million is corroborated by the Trust's own damages calculations. In its pre-trial submissions to the Court, the Trust asserts over \$9 million in contract claims against Love Funding.<sup>49</sup> Lastly, Dinan testified that although he was not a party to all of the conversations between Wurst and Ford, he recalled Wurst asking him, at that time, to put a dollar amount on the Trust's potential exposure to certificate holders with respect to the Arlington Loan, to which Dinan answered it was "something in the nature of about \$10 million."<sup>50</sup>

On November 1, 2004 – approximately six weeks after the Trust and UBS executed their Settlement – the Trust filed a complaint against Love Funding

---

<sup>47</sup> See 10/22/04 Email from Thompson to Harris ("10/22/04 Thompson Email"), DX Q. In this email exchange, Harris asked Thompson whether, with respect to Arlington, the Trust "really los[t] all that money [Thompson] said [it] would lose," and Thompson replied, "[r]ight now the loss on Arlington stands at a little over \$3 million." *Id.*

<sup>48</sup> See Tr. at 90 (Dinan).

<sup>49</sup> See Pl. Mem. at 13-17 (requesting \$9,210,941.93 in total damages).

<sup>50</sup> Tr. at 101 (Dinan).

alleging breach of contract.<sup>51</sup> Two days later, on November 3, the Trust wrote a letter to Love Funding formally invoking section 5.03(b) of the Love MLPA.<sup>52</sup> The letter states, in pertinent part: “The Trust demands that Love Funding cure [its] Breaches or, if (but only if) cure is not possible, repurchase the Arlington Loan at the Repurchase Price as required by Section 5.03 of the MLPA.”<sup>53</sup> The letter also states that Love Funding may cure “through, without limitation, the substitution of another qualifying mortgage loan . . . [,] defeasing the [loan], or replacing the income lost to the Trust that was attributable to the Arlington Loan net of principal and interest payments actually made to date by the Borrower.”<sup>54</sup>

The Trust argues that this letter proves that it intended, upon becoming assignee, to engage Love Funding in an effort to resolve its claims without litigation. However, this argument is contradicted by Wurst’s own deposition testimony. When asked to describe how Cheatham and Ford responded

---

<sup>51</sup> See Complaint (the Trust initially filed this action in the Supreme Court of New York; the case was removed to federal court pursuant to sections 1332 and 1441 of the United States Code). By November 2004, Cyrus had sold the property pursuant to court order for \$6.7 million, of which the Trust ultimately received \$5,912,150.78. See Joint Stmt. ¶¶ 57-59, 67-68.

<sup>52</sup> See Joint Stmt. ¶ 86; Tr. at 98-99 (Dinan); 11/3/04 Letter from Wurst to Ford (“Demand Letter”), JX 67.

<sup>53</sup> Demand Letter at 2.

<sup>54</sup> *Id.* at 16.

to being told, in October 2004, that the Trust believed Love Funding was liable for its Arlington-related losses, Wurst stated:

My recollection was that they professed disagreement that representations and warranties had been breached . . . they wanted more information, and more, what do I say, description, facts articulation of the circumstances, some of which, as I recall, I gave them on the telephone, some of which followed either – I don't think there were any other communications. So the detailed description was contained, I think, in the demand letter of November 3rd . . . .<sup>55</sup>

But by the time the letter was written, the Trust had already initiated a lawsuit against Love Funding. Thus, the Trust's portrayal of the letter as part of its attempted "dialogue" with Love Funding is simply inaccurate, and its claim that it offered Love Funding an opportunity to avoid litigation is disingenuous. These conclusions are further supported by Love's testimony, which I credit, that by the time the Trust made its demands on Love Funding, a cure was impossible (as the fraud could not be undone), and a repurchase was not economically feasible given the Trust's inflated demand and the impossibility of recouping funds from a bankrupt borrower.<sup>56</sup>

Moreover, the letter did not clearly distinguish between the alternatives of cure or repurchase, for under either scenario Love Funding would have to pay the Trust millions of dollars in exchange for its release from any

---

<sup>55</sup> Tr. at 339.

<sup>56</sup> See *id.* at 383-89 (Love).

liability attendant to the now-extinguished loan. Nor did the letter specify a repurchase price or any other damages. At trial, Dinan testified that when the demand letter was written, “it was not the Trust’s position that cure was impossible,” but rather that “[the Trust] very much felt that there was a way” for Love Funding to effect a cure of its underlying breach.<sup>57</sup> Dinan also stated that upon taking the Assignment, the Trust “actually thought there would be a consensual settlement” with Love Funding.<sup>58</sup>

This testimony is simply not credible. No reasonable person, with knowledge of the posture of the loan in November 2004, would have expected Love Funding to pay millions of dollars in interest that had been accruing on the loan for years, or to pay for expenses UBS incurred as a result of the MLMI Litigation, in which Love Funding was never involved.

#### **G. The Trust’s Primary Purpose**

At trial, Love Funding proved by a preponderance of the evidence that the Trust’s primary purpose in accepting the Assignment was to buy a lawsuit against Love Funding. Critical to the Court’s finding is the fact that after two years of angry and expensive litigation, the only compensation the Trust took in

---

<sup>57</sup> *Id.* at 106 (Dinan). *Accord id.* at 343-44 (Wurst) (“The letter doesn’t presuppose anything is curable, nor does it presuppose anything is incurable. It places that burden squarely on the shoulders of Love Funding.”).

<sup>58</sup> *Id.* at 112 (Dinan).

exchange for releasing UBS from the Arlington Loan – a “poster child”<sup>59</sup> of the MLMI Litigation – was the Assignment. The record is devoid of evidence suggesting why the Trust would consider the Assignment adequate consideration if its primary purpose was *not* to sue Love Funding thereunder. Quite literally, the Trust had negotiated for itself “a whole new lawsuit,”<sup>60</sup> with the intent to “basically . . . continu[e] a microcosm of the litigation that ha[d] already been going on for the last three years with UBS.”<sup>61</sup>

From the Trust’s perspective, a lawsuit against Love Funding could potentially reap millions of dollars more than the Trust had been prepared to accept from UBS on the Arlington Loan.<sup>62</sup> Under the Love MLPA, the Trust could sue (and is suing) Love Funding for the principal balance on the loan, as well as for millions of dollars in simple and default interest that have been accruing on the

---

<sup>59</sup> *Id.* at 198 (Dinan), 583-85 (Wurst).

<sup>60</sup> 9/07/04 Thompson Email.

<sup>61</sup> Def. Mem. at 7 (quoting Dinan Dep. at 139:05 – 140:10).

<sup>62</sup> As noted above, during settlement negotiations the Trust requested \$4 or \$5 million from UBS (in addition to the \$19.375 million) in exchange for releasing UBS from the Arlington loan, but UBS rejected the proposal. *See infra* Part III.D.; Tr. at 90 (Dinan).



loan for years.<sup>63</sup> Because simple interest began accruing shortly after the Trust notified Cyrus that the loan was in default, in January 2002, it now totals over \$2.5 million.<sup>64</sup> And given a Louisiana court's finding that default interest began accruing on the loan as of July 7, 1999, the Trust is now claiming additional damages of approximately \$2.4 million.<sup>65</sup>

In accepting the Assignment, the Trust believed it could also potentially recover indemnification damages from Love Funding under section 9.14 of the Love MLPA. The Trust's particular attraction to this provision is clear from the fact that section 9.14 is the *only* provision of the Love MLPA specifically identified in the language of the Assignment.<sup>66</sup> Under section 9.14, Love Funding could be required to indemnify the Trust not only for attorneys' fees and costs

---

<sup>63</sup> In its pre-trial submissions, the Trust argued that through January 17, 2007, the Repurchase Price totaled \$11,227,403.87. *See* Plaintiff's Proposed Findings of Fact and Conclusions of Law ("Pl. Prop. Fact") ¶ 77.

<sup>64</sup> *See id.* ¶ 75 (simple interest totaled \$2,540,228.77 through January 17, 2007).

<sup>65</sup> *See id.* ¶ 76 (default interest totaled \$2,400,503.94 through January 17, 2007).

<sup>66</sup> *See* Tr. 176-79 (Dinan). The Assignment states, in pertinent part: "Assignor hereby absolutely and unconditionally grants, sells, bargains, transfers, assigns, sets-over and conveys unto the Trust each and every of the representations and warranties, and related remedies for breach thereof, under the PW-LF MLPA, *including but not limited to the remedies set out in section 9.14* of the PW-LF MLPA, in connection with each of the Trust's Love Funding Loans." Assignment at 1 (emphasis added).

expended pursuing Love Funding,<sup>67</sup> but also for all attorneys' fees and costs expended foreclosing on the property and pursuing Cyrus and Rafizadeh.<sup>68</sup> Moreover, the Trust urges this Court to find that section 9.14 also obligates Love Funding to indemnify the Trust for a portion of the legal fees UBS incurred during the MLMI Litigation.<sup>69</sup> Thus, the Trust had a strong incentive to sue Love Funding from the time it accepted the Assignment.<sup>70</sup>

#### IV. CONCLUSIONS OF LAW

In response to the Trust's claim, Love Funding asserts the affirmative defense of champerty.<sup>71</sup> Although the champerty defense is rarely successful, I conclude that the Trust's acceptance of UBS's rights under the Love MLPA is one

---

<sup>67</sup> The Trust initially estimated these expenses, through October 31, 2006, at \$549,032.12, *see* Plaintiff's Exhibits ("PX") 20-22, but has since stipulated to certain reductions in these claims. *See* Plaintiff's Annotated, Amended and Supplemental Proposed Findings of Fact and Conclusions of Law ("Pl. Annot.") at 14.

<sup>68</sup> The Trust initially put these costs and expenses, through December 22, 2006, at \$2,549,655.92, *see* PX 17-19, but has since stipulated to certain reductions in these claims. *See* Pl. Annot. at 15.

<sup>69</sup> The Trust initially claimed it was entitled to collect \$704,642.60 in indemnification for expenses incurred by UBS prior to the Assignment, *see* Pl. Mem. at 17, but has since stipulated to certain reductions in these claims. *See* Pl. Annot. at 16.

<sup>70</sup> The Trust's pre-trial memorandum claims damages due from Love Funding totaling \$9,210,941.93. *See* Pl. Mem. at 12-17.

<sup>71</sup> *See* Def. Mem. at 5-8.

of those rare cases that requires voiding the assignment due to champerty.

The Trust argues, correctly, that champerty will not lie where the assignee's primary purpose is to obtain payment of a valid debt rather than to pursue a lawsuit, and the assignee makes a demand on the obligor before bringing suit.<sup>72</sup> The Trust points to its Demand Letter and Wurst's October 2004 phone calls as evidence that the Trust viewed litigation as a mere possibility upon becoming an assignee.<sup>73</sup> But as discussed above, the evidence at trial refutes this argument. Both the oral and written demands were a sham. As Thompson wrote in an email to Harris, the Trust's only purpose was "to chase Love Funding and the borrowers" even though doing so would "probably be long and difficult."<sup>74</sup>

The Trust relies on several decisions that support the proposition that champerty should be narrowly construed and that the filing of a lawsuit does not equate to champerty.<sup>75</sup> The Trust also cites cases where the champerty defense

---

<sup>72</sup> See Plaintiff's Post-Trial Memorandum of Law ("Pl. Post Mem.") at 2-3 (citing *1015 Gerard Realty Corp. v. A & S Improvements Corp.*, 457 N.Y.S.2d 821, 822 (1st Dep't 1983) (rejecting champerty because assignee filed suit only after obligor rejected genuine opportunity to cure)).

<sup>73</sup> See Pl. Mem. at 23.

<sup>74</sup> 10/22/04 Thompson Email.

<sup>75</sup> See Pl. Mem. at 22-24. For instance, the Trust relies heavily on *Elliott*, in which the Second Circuit held that merely intending to bring suit on a purchased claim does not constitute champerty; in order to be champertous, "the purchase must be made for the very purpose of bringing such suit." 194 F.3d at 374 (citing

failed.<sup>76</sup> But these cases are easily distinguished.<sup>77</sup> For example, none of the cases involved a carve out of a single loan from a group of loans that were settled for significant payments, nor do these cases cite any evidence that the party rebutting the champerty defense had acknowledged that the claims they were about to acquire amounted to “a whole new lawsuit.”<sup>78</sup>

In calculating the damages it seeks from Love Funding, the Trust

---

*Moses v. McDivitt*, 88 N.Y. 62, 65-67 (1882)). There was no champerty in *Elliot* because the record demonstrated that the plaintiff’s “primary goal” in acquiring a debt instrument was “satisfaction of a valid debt,” and that the plaintiff intended to resort to litigation only to the extent necessary to accomplish this goal. *Id.* at 381. By contrast, as discussed above, the record here shows that the Trust could not have realistically expected Love Funding to comply with its demands for cure or repurchase, and that the Trust’s primary goal was to sue Love Funding. The Trust also cites *Banque de Gestion Privee-Sip v. La Republica de Paraguay*, but that case is inapposite because it simply granted summary judgment for plaintiffs where defendants failed to “show specific facts warranting a trial with respect to their champerty defense.” 787 F. Supp. 53, 55-56 (S.D.N.Y. 1992) (quotation marks and citation omitted).

<sup>76</sup> See Pl. Post Mem. at 1-3; see also *Bellarno Int’l Ltd. v. Irving Trust Co.*, 560 N.Y.S.2d 287, 288 (1st Dep’t 1990) (not champerty where “plaintiff was not a stranger to the transaction”); *Williams Paving Co. v. United States Fidelity & Guar. Co.*, 413 N.Y.S.2d 73, 74-75 (4th Dep’t 1979) (not champerty where assignee had pre-existing relationship with assignor); *American Express Co. v. Control Data Corp.*, 376 N.Y.S.2d 153, 154 (1st Dep’t 1975) (same).

<sup>77</sup> See Defendant’s Supplemental Trial Memorandum of Law at 6-7 (distinguishing cases).

<sup>78</sup> 9/07/04 Thompson Email. Cf. *Koro Co. v. Bristol-Myers Co.*, 568 F. Supp. 280, 287-88 (D.D.C. 1983) (finding an assignment champertous where it was “split off from the other assets” and made “solely so to enable [assignee] to prosecute [claims thereunder] on a speculative basis”).

contends that not a penny of its Settlement with UBS should be allocated to the Arlington Loan. This is simply not credible and reveals that the true purpose of the Assignment was to provide the Trust with the opportunity to obtain additional funds if it could extract money from Love Funding by way of a lawsuit. It bears repeating that neither the Trust nor UBS impleaded Love Funding throughout the entire MLMI litigation leading up to the Assignment, and that the Trust, upon becoming assignee, immediately demanded that Love Funding pay \$10 million to avoid litigation.

I conclude that Love Funding has proved its defense of champerty. Accordingly, the assignment of the Love MLPA is void and the Trust is not entitled to any damages arising from Love Funding's breach of the Love MLPA.<sup>79</sup>

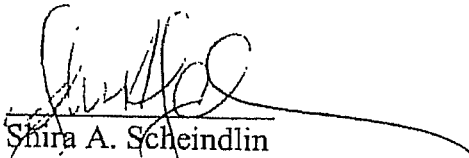
---

<sup>79</sup> If I had not found the Assignment to be void, the Trust's damages would be limited to those incurred prior to September 30, 2002. In *Trust I*, I held that "to the extent that through its own delay [UBS] aggravated its injuries stemming from Love Funding's breach [of warranty] . . . the Trust's recovery should be reduced accordingly." 2005 WL 2582177, at \*7 n.84 (citing *Clark Oil v. Trading Co.*, 683 N.Y.S.2d 12, 14 (1st Dep't 1998)). Additionally, I held that UBS "could not accumulate default interest by remaining silent" upon learning of Love Funding's default. *Id.* at n.64. It is undisputed that UBS was on notice of Cyrus's fraud by August 2002 and that the MLMI Litigation commenced in September 2002. See Joint Stmt. ¶ 78. At that time, UBS could have mitigated its damages by either repurchasing the loan from the Trust and then demanding that Love Funding repurchase it, or impleading Love Funding as a third party defendant, as it did with Wexford Bancgroup LLC. In deciding to forego any of these remedies and instead to engage in protracted litigation over Arlington, UBS failed to mitigate the damages it now seeks. See *Air et Chaleur, S.A. v. Janeway*, 757 F.2d 489, 494 (2d Cir. 1985); *U.S. West Fin. Servs. v. Marine Midland Realty Credit Corp.*, 810 F. Supp. 1393, 1402 (S.D.N.Y. 1993) ("[A]ny award of damages should be reduced

#### IV. CONCLUSION

Love Funding has proved by a preponderance of the evidence that the Trust accepted the assignment of the Love MLPA with the primary purpose of bringing a lawsuit against Love Funding. Because the assignment is void for champerty, the Trust is not entitled to any award of damages. The Clerk of Court is directed to close this case.

SO ORDERED:

  
Shira A. Scheindlin  
U.S.D.J.

Dated: New York, New York  
February 27, 2007

---

by any unnecessary increase in damages due to the failure of the plaintiff to avoid them." (quotations and citation omitted)). Thus, any recovery to the Trust would be limited to those incurred through September 30, 2002, which total approximately \$1,736,668.35. This is the repurchase price as of September 30, 2002, offset by the Trust's recovery from the borrower and proceeds from the sale of the Arlington property. It excludes indemnification to the Trust for costs incurred pursuing the borrower, as these expenses are disputed. *See* Def. Supp. Mem. at 9-10.

- Appearances -

*For Plaintiff:*

Kenneth S. Yudell, Esq.  
Aronauer, Goldfarb, Re & Yudell, LLP  
444 Madison Avenue, 17th Floor  
New York, NY 10022  
(212) 755-6000

Amy Howell, Esq.  
ORIX Capital Market, LLC  
1717 Main Street  
Dallas, TX 75201  
(469) 385-1342

*For Defendant:*

Alec W. Farr, Esq.  
Bryan Cave LLP  
700 Thirteenth Street NW  
Washington, DC 20005  
(202) 508-6053

Robert D. Piliero, Esq.  
Piliero Goldstein Kogan & Miller, LLP  
10 East 53rd Street  
New York, NY 10022  
(212) 478-8501



For Additional Information, please contact  
 CTSLink Customer Service  
 (301) 815-6600  
 Reports Available on the World Wide Web  
 @ www.ctslink.com/cmb

Payment Date: 04/16/2001  
 Record date: 03/30/2001

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

Wells Fargo Bank Minnesota, N.A.  
 Corporate Trust Services  
 11000 Broken Land Parkway  
 Columbia, MD 21044

**Mortgage Loan Detail**

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Strat. (2)	Mod. Code (3)
2960000001	ML-107	MF	Fort Washington	MD	154,532.93	20,911.73	6.977%	06/01/2008	06/01/2028	N	25,721,311.58	25,700,399.85	04/01/2001				
1900000257	PW-7305	OF	Columbia	SC	169,179.20	13,824.53	7.850%	10/01/2009	10/01/2029	N	25,027,537.19	25,013,712.66	04/01/2001				
2960000004	ML-117	OF	Farmington	CT	138,701.04	14,000.84	7.790%	N/A	06/01/2009	N	20,676,786.92	20,662,786.08	04/01/2001				
2960000017	ML-156	RT	Cerritos	CA	127,881.86	11,689.38	7.980%	N/A	09/01/2009	N	18,610,021.30	18,598,321.92	04/01/2001				
1900000250	PW-8202	OF	Dallas	TX	129,861.66	9,130.94	8.200%	09/01/2009	09/01/2029	N	18,391,109.12	18,381,978.18	04/01/2001				
563970563	ML-126	MF	Silver Spring	MD	117,736.19	11,618.49	7.500%	N/A	06/01/2009	N	18,230,120.32	18,218,501.83	04/01/2001				
9010000083	ORIX-3225	OF	Salt Lake City	UT	123,126.22	9,785.10	7.950%	N/A	08/01/2009	N	17,985,571.34	17,975,786.24	03/01/2001				
2960000038	PW-8703	MF	Various	VA	121,503.99	8,605.29	8.200%	N/A	08/01/2009	N	17,207,488.88	17,198,883.59	12/01/2000				
9010000068	ORIX-2865	OF	Irving	TX	104,943.00	10,427.39	7.500%	N/A	05/01/2009	N	16,249,238.67	16,238,811.28	04/01/2001				
2960000014	ML-129	MF	Hammond	IN	105,841.32	10,500.12	7.750%	N/A	08/01/2009	N	15,778,241.25	15,767,741.13	04/01/2001				
553970569	ML-124	MF	Columbus	OH	79,551.48	7,850.33	7.500%	N/A	06/01/2009	N	12,317,648.87	12,309,798.54	04/01/2001				
563970557	ML-125	MF	Farmington Hills	MI	76,055.88	7,603.49	7.470%	N/A	05/01/2007	N	11,823,689.62	11,816,086.13	04/01/2001				
2960000023	ML-138	LO	North Falmouth	MA	84,578.67	11,262.49	8.480%	N/A	09/01/2009	N	11,582,592.97	11,571,330.48	04/01/2001				
2960000015	ML-147	OF	Las Vegas	NV	74,939.98	6,865.06	8.000%	N/A	08/01/2009	N	10,878,383.56	10,871,518.50	04/01/2001				
9010000082	ORIX-3208	RT	Hamden	CT	69,464.06	4,170.32	8.530%	N/A	09/01/2009	N	9,456,989.09	9,452,798.77	04/01/2001				
2960000036	ML-111	MF	Grand Prairie	TX	57,066.50	5,175.36	7.080%	N/A	02/01/2005	N	9,360,279.45	9,351,765.89	04/01/2001				
2960000021	ML-143	IN	Melville	NY	67,000.76	5,175.36	8.420%	N/A	09/01/2009	N	9,240,776.27	9,235,600.91	04/01/2001				
9010000063	ORIX-3108	RT	Indianapolis	IN	58,098.30	5,503.23	7.610%	N/A	05/01/2009	N	8,865,834.31	8,860,331.08	04/01/2001				
2960000009	ML-112	RT	Hempstead	NY	58,568.33	5,995.04	7.730%	N/A	07/01/2009	N	8,798,814.05	8,792,819.01	04/01/2001				
2960000033	ML-103	MF	Dallas	TX	53,023.00	7,244.84	7.350%	N/A	01/01/2008	N	8,377,553.81	8,370,318.97	04/01/2001				
2960000028	PW-7942	RT	Bend	OR	57,312.10	4,584.50	7.920%	N/A	09/01/2009	N	8,403,533.83	8,398,949.33	04/01/2001				
8500000002	ORIX-3257	OT	Trousdale Oaks	CA	63,808.10	6,397.01	8.950%	N/A	10/01/2009	N	8,279,298.84	8,272,901.83	04/01/2001				
2960000031	ML-101	IN	Seattle	WA	58,619.79	8,214.37	8.375%	N/A	07/01/2009	N	8,128,309.82	8,120,095.45	04/01/2001				
2960000003	ML-176	MF	Riverside	CA	54,112.22	5,380.89	7.830%	N/A	06/01/2011	N	7,899,594.35	7,895,151.67	04/01/2001				
9010000062	ORIX-3100	OF	Dallas	TX	53,535.11	4,442.68	7.870%	N/A	07/01/2009	N	6,872,635.74	6,866,386.73	04/01/2001				
2960000011	ML-114	RT	New York	NY	52,523.16	6,249.01	8.875%	N/A	08/01/2009	N	6,801,560.95	6,797,342.33	04/01/2001				
2960000010	ML-115	MU	Beverly Hills	CA	47,250.54	6,248.62	8.069%	N/A	08/01/2009	N	6,733,208.68	6,730,492.80	04/01/2001				
2960000043	PW-8028	RT	Brooklyn	NY	51,022.76	2,715.88	8.800%	07/01/2009	07/01/2009	N	6,538,682.27	6,536,266.96	04/01/2001				
2960000040	PW-7562	OF	Philadelphia	PA	51,735.62	2,415.31	9.050%	N/A	07/01/2009	N	6,415,542.83	6,411,400.19	04/01/2001				
2960000020	ML-154	MF	Enfield	CT	43,505.40	4,142.64	7.875%	N/A	09/01/2009	N	6,326,455.33	6,323,126.77	04/01/2001				
2960000044	PW-8132	MF	Harvey	LA	43,854.54	3,329.56	8.050%	N/A	08/01/2009	N	6,330,850.71	6,327,932.58	04/01/2001				
2960000046	PW-8376	MF	New Orleans	LA	45,065.73	2,918.13	8.450%	N/A	07/01/2009	N	6,285,228.73	6,282,268.70	04/01/2001				
2960000041	PW-8763	MF	Henderson	NV	45,192.54	2,960.03	8.350%	N/A	09/01/2009	N	6,183,501.96	6,179,820.65	03/01/2001				
2960000029	ML-134	IN	Round Rock	TX	43,609.15	3,681.31	8.190%	N/A	09/01/2009	N			04/01/2001				

See footnotes on last page of this section.



**WELLS  
FARGO**

Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 07/16/2002  
Record date: 06/28/2002

**Mortgage Loan Detail**

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Strat. (2)	Mod. Code (3)
296000001	ML-107	MF	Fort Washington	MD	147,406.81	28,037.85	6.977%	06/01/2008	06/01/2028	N	25,353,041.27	25,325,003.42	07/01/2002				
190000257	PW-7905	OF	Columbia	SC	162,003.21	21,000.52	7.850%	10/01/2009	10/01/2029	N	24,764,822.42	24,743,821.90	07/01/2002				
296000004	ML-117	OF	Farmington	CT	132,557.10	20,144.78	7.790%	N/A	06/01/2009	N	20,419,578.63	20,399,433.85	07/01/2002				
296000017	ML-156	RT	Cerritos	CA	122,304.36	17,276.88	7.980%	N/A	09/01/2009	N	18,391,633.48	18,374,356.60	07/01/2002				
190000250	PW-8202	OF	Dallas	TX	124,451.11	14,541.49	8.200%	09/01/2009	09/01/2029	N	18,212,358.27	18,197,816.78	07/01/2002				
563970563	ML-126	MF	Silver Spring	MD	112,602.08	16,752.60	7.500%	N/A	06/01/2009	N	18,016,333.09	17,999,580.49	07/01/2002				
901000083	ORIX-3325	OF	Salt Lake City	UT	117,915.75	14,995.57	7.950%	N/A	08/01/2009	N	17,798,603.18	17,783,607.61	07/01/2002	04/10/2002	7,133,775.70	13	
296000038	PW-4703	MF	Various	VA	101,524.33	27,692.75	8.200%	N/A	08/01/2009	N	14,857,218.49	14,829,525.74	12/01/2000	07/10/2001	5,447,806.68	7	
901000068	ORIX-2965	OF	Irving	TX	100,359.76	15,010.63	7.500%	N/A	05/01/2009	N	16,057,562.24	16,042,551.61	07/01/2002				
296000014	ML-129	MF	Hammond	IN	101,171.69	15,169.75	7.790%	N/A	08/01/2009	N	15,584,855.54	15,569,685.79	07/01/2002				
563970569	ML-124	MF	Columbus	OH	76,082.49	11,319.32	7.500%	N/A	06/01/2009	N	12,173,198.06	12,161,878.74	07/01/2002				
563970557	ML-125	MF	Farmington Hills	MI	72,733.35	10,926.02	7.470%	N/A	06/01/2007	N	11,684,071.94	11,673,145.92	07/01/2002				
296000023	ML-138	LO	North Falmouth	MA	80,433.70	15,407.46	8.480%	N/A	09/01/2009	N	11,382,128.01	11,366,720.55	07/01/2002				
296000015	ML-147	OF	Las Vegas	NV	71,668.32	10,136.72	8.000%	N/A	08/01/2009	N	10,750,247.85	10,740,111.13	07/01/2002				
901000082	ORIX-3206	RT	Hamden	CT	66,622.40	7,011.98	8.530%	N/A	09/01/2009	N	9,372,435.58	9,365,423.60	07/01/2002				
296000036	ML-171	MF	Grand Prairie	TX	54,349.76	11,230.30	7.080%	N/A	02/01/2005	N	9,211,823.41	9,200,593.11	06/01/2002				
296000021	ML-143	IN	Melville	NY	64,140.13	8,035.99	8.420%	N/A	09/01/2009	N	9,141,110.91	9,133,074.92	07/01/2002				
901000063	ORIX-3108	RT	Indianapolis	IN	55,577.61	8,023.92	7.610%	N/A	05/01/2009	N	8,763,880.99	8,755,857.07	07/01/2002				
296000009	ML-172	RT	Hempstead	NY	55,971.25	8,592.12	7.730%	N/A	07/01/2009	N	8,688,939.07	8,680,345.95	07/01/2002				
296000033	ML-103	MF	Dallas	TX	50,530.24	9,737.60	7.350%	N/A	01/01/2008	N	8,249,835.10	8,240,097.50	07/01/2002				
296000028	PW-7942	RT	Bend	OR	54,885.94	7,010.66	7.920%	N/A	09/01/2009	N	8,316,051.81	8,309,041.15	07/01/2002				
850000002	ORIX-3257	OT	Thousand Oaks	CA	60,866.42	9,338.69	8.950%	N/A	10/01/2009	N	8,160,861.09	8,151,522.40	07/01/2002				
296000031	ML-101	IN	Seattle	WA	55,714.80	11,119.36	8.375%	N/A	07/01/2009	N	7,983,016.14	7,971,896.78	07/01/2002				
296000003	ML-116	MF	Riverside	CA	51,720.12	7,772.79	7.830%	N/A	06/01/2011	N	7,926,454.95	7,918,682.16	07/01/2002				
901000062	ORIX-3100	OF	Dallas	TX	51,255.88	6,721.91	7.870%	N/A	07/01/2009	N	7,815,381.67	7,808,659.76	07/01/2002				
296000011	ML-114	RT	New York	NY	49,993.16	8,779.01	8.875%	N/A	08/01/2009	N	6,759,637.89	6,750,858.88	07/01/2002				
296000010	ML-115	RT	Beverly Hills	CA	45,194.59	6,274.57	8.068%	N/A	08/01/2009	N	6,722,467.19	6,716,192.62	07/01/2002				
296000043	PW-8028	MU	Brooklyn	NY	48,961.07	4,777.57	8.800%	07/01/2009	07/01/2029	N	6,676,509.23	6,671,731.66	07/01/2002			13	
296000040	PW-7562	OF	Philadelphia	PA	49,672.93	4,478.00	9.050%	N/A	07/01/2009	N	6,586,466.01	6,581,988.01	07/01/2002				
296000020	ML-154	MF	Enfield	CT	41,597.97	6,050.07	7.875%	N/A	09/01/2009	N	6,338,738.40	6,332,688.33	07/01/2002				
296000044	PW-6132	MF	Harvey	LA	42,009.41	5,174.79	8.050%	N/A	08/01/2009	N	6,262,272.17	6,257,097.38	02/01/2002	07/10/2002	3,249,002.28	13	
296000046	PW-6376	MF	New Orleans	LA	44,168.23	4,815.63	8.450%	N/A	07/01/2009	N	6,272,411.48	6,267,595.85	07/01/2002				
296000041	PW-8763	MF	Henderson	NV	43,325.35	4,827.22	8.350%	N/A	09/01/2009	N	6,226,398.06	6,221,570.84	07/01/2002				
296000029	ML-134	IN	Round Rock	TX	41,726.64	5,563.82	8.190%	N/A	09/01/2009	N	6,113,793.08	6,108,229.26	07/01/2002				

See footnotes on last page of this section.

Exhibit "D-2"



Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
11000 Broken Land Parkway  
Columbia, MD 21044

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 12/17/2001  
Record date: 11/30/2001

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORIX-3325	3	08/01/2001	95,283.42	494,017.38	3	2	08/09/2001		17,927,928.10	1,846.24		
296000038	PW-8703	11	12/01/2000	97,377.04	1,272,985.39	9	7	07/25/2000		17,244,470.80	598,311.03		10/25/2001
190000248	PW-6410	0	11/01/2001	46,264.39	46,264.39	B				6,011,129.32	0.00		
296000042	PW-7790	0	11/01/2001	30,403.20	30,403.20	A				3,849,697.60	0.00		
190000245	PW-8313	0	11/01/2001	26,401.72	26,401.72	B	13	08/20/2001		3,588,958.35	927.50		
296000022	ML-151	0	11/01/2001	19,521.99	19,521.99	B				2,334,994.81	0.00		
296000034	ML-140	0	11/01/2001	16,144.79	16,144.79	A				2,062,853.42	0.00		
296000047	PW-7170	0	11/01/2001	6,906.34	6,906.34	A				781,415.03	0.00		
<b>Totals</b>	<b>8</b>			<b>338,302.89</b>	<b>1,912,645.20</b>					<b>53,801,447.43</b>	<b>601,084.77</b>		

**Totals By Delinquency Code:**

Total for Status Code = 3 (1 loan)	95,283.42	494,017.38	17,927,928.10	1,846.24
Total for Status Code = 9 (1 loan)	97,377.04	1,272,985.39	17,244,470.80	598,311.03
Total for Status Code = A (3 loans)	53,454.33	53,454.33	6,693,966.05	0.00
Total for Status Code = B (3 loans)	92,188.10	92,188.10	11,935,082.48	927.50

**(1) Status of Mortgage Loan**

A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

- Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

**(2) Resolution Strategy Code**

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-3"



Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
11000 Broken Land Parkway  
Columbia, MD 21044

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 01/16/2002  
Record date: 12/31/2001

**Principal Prepayment Detail**

Loan Number	Offering Document Cross-Reference	Principal Prepayment Amount		Prepayment Penalties	
		Payoff Amount	Curtailment Amount	Prepayment Premium	Yield Maintenance Premium
296000038	PW-8703	0.00	2,107,641.09	0.00	0.00
Totals		0.00	2,107,641.09	0.00	0.00

Exhibit "D-4"



Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
11000 Broken Land Parkway  
Columbia, MD 21044

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ www.ctslink.com/cmbs

Payment Date: 01/16/2002  
Record date: 12/31/2001

**Mortgage Loan Detail**

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Strat. (2)	Mod. Code (3)
296000001	ML-107	MF	Fort Washington	MD	153,252.77	22,191.89	6.977%	06/01/2008	06/01/2028	N	25,508,235.09	25,486,043.20	01/01/2002				
190000257	PW-7905	OF	Columbia	SC	168,164.37	14,839.36	7.850%	10/01/2009	10/01/2029	N	24,877,407.79	24,862,568.43	01/01/2002				
296000004	ML-117	OF	Farmington	CT	137,710.23	14,991.65	7.790%	N/A	06/01/2009	N	20,529,083.37	20,514,091.72	01/01/2002				
296000017	ML-156	RT	Cerritos	CA	127,022.32	12,558.92	7.980%	N/A	09/01/2009	N	18,484,935.55	18,472,376.63	01/01/2002				
190000250	PW-8202	OF	Dallas	TX	129,143.76	9,848.84	8.200%	09/01/2009	09/01/2029	N	18,289,438.29	18,279,589.45	01/01/2002				
563970563	ML-126	MF	Silver Spring	MD	116,943.11	12,411.57	7.500%	N/A	06/01/2009	N	18,107,320.97	18,094,909.40	01/01/2002				
901000083	ORIX-3325	OF	Salt Lake City	UT	122,395.47	10,515.85	7.950%	N/A	08/01/2009	N	17,878,826.60	17,868,310.75	09/01/2001	12/01/2001	6,262,618.43	2	
296000038	PW-8703	MF	Various	VA	120,828.23	2,116,922.14	8.200%	N/A	08/01/2009	N	17,111,787.59	14,994,865.45	12/01/2000	07/10/2001	5,447,806.68	7	
901000068	ORIX-2865	OF	Irving	TX	104,231.84	11,138.55	7.500%	N/A	05/01/2009	N	16,139,123.81	16,127,965.26	01/01/2002				
296000014	ML-129	MF	Hammond	IN	105,096.64	11,244.80	7.790%	N/A	08/01/2009	N	15,667,228.55	15,655,983.75	01/01/2002				
563970569	ML-124	MF	Columbus	OH	79,015.62	8,386.19	7.500%	N/A	06/01/2009	N	12,234,676.35	12,226,290.16	01/01/2002				
563970557	ML-125	MF	Farmington Hills	MI	75,539.84	8,119.53	7.470%	N/A	06/01/2007	N	11,743,465.31	11,735,345.78	01/01/2002				
296000023	ML-138	LO	North Falmouth	MA	83,735.13	12,106.03	8.480%	N/A	09/01/2009	N	11,467,075.16	11,454,969.13	01/01/2002				
296000015	ML-147	OF	Las Vegas	NV	74,434.40	7,370.64	8.000%	N/A	08/01/2009	N	10,804,992.90	10,797,622.26	01/01/2002				
901000082	ORIX-3208	RT	Hamden	CT	69,112.74	4,521.64	8.530%	N/A	09/01/2009	N	9,409,138.59	9,404,616.95	01/01/2002				
296000036	ML-171	MF	Grand Prairie	TX	56,542.15	9,037.91	7.080%	N/A	02/01/2005	N	9,274,272.51	9,265,234.60	01/01/2002				
296000021	ML-143	IN	Melville	NY	66,588.97	5,587.15	8.420%	N/A	09/01/2009	N	9,183,981.37	9,178,394.22	01/01/2002			8	
901000063	ORIX-3108	RT	Indianapolis	IN	57,714.99	5,886.54	7.610%	N/A	05/01/2009	N	8,807,339.88	8,801,453.34	01/01/2002				
296000009	ML-172	RT	Hempstead	NY	58,148.15	6,415.22	7.730%	N/A	07/01/2009	N	8,735,689.94	8,729,274.72	01/01/2002				
296000033	ML-103	MF	Dallas	TX	52,555.62	7,712.22	7.350%	N/A	01/01/2008	N	8,303,718.97	8,296,006.75	01/01/2002				
296000028	PW-7942	RT	Bend	OR	56,971.39	4,925.21	7.920%	N/A	09/01/2009	N	8,353,576.47	8,348,651.26	01/01/2002				
850000002	ORIX-3257	OT	Thousand Oaks	CA	63,285.51	6,919.60	8.950%	N/A	10/01/2009	N	8,211,492.02	8,204,572.42	01/01/2002				
296000031	ML-101	IN	Seattle	WA	58,015.31	8,818.85	8.375%	N/A	07/01/2009	N	8,044,491.85	8,035,673.00	01/01/2002				
296000003	ML-116	MF	Riverside	CA	53,728.72	5,764.19	7.830%	N/A	06/01/2011	N	7,968,664.69	7,962,900.50	01/01/2002				
901000062	ORIX-3100	OF	Dallas	TX	53,208.88	4,768.97	7.870%	N/A	07/01/2009	N	7,851,455.24	7,846,686.33	01/01/2002				
296000011	ML-114	RT	New York	NY	52,027.01	6,745.16	8.875%	N/A	08/01/2009	N	6,807,714.03	6,800,968.87	01/01/2002				
296000010	ML-115	MU	Beverly Hills	CA	46,936.06	4,533.10	8.068%	N/A	08/01/2009	N	6,756,293.24	6,751,760.14	01/01/2002				
296000043	PW-8028	RT	Brooklyn	NY	50,780.70	2,957.94	8.800%	07/01/2009	07/01/2029	N	6,701,265.22	6,698,307.28	01/01/2002				
296000040	PW-7562	OF	Philadelphia	PA	51,507.48	2,643.45	9.050%	N/A	07/01/2009	N	6,609,407.39	6,606,763.94	01/01/2002				
296000020	ML-154	MF	Enfield	CT	43,206.74	4,441.30	7.875%	N/A	09/01/2009	N	6,371,501.35	6,367,060.05	01/01/2002				
296000044	PW-6132	MF	Harvey	LA	43,600.98	3,583.22	8.050%	N/A	08/01/2009	N	6,289,862.44	6,286,279.22	01/01/2002			13	
296000046	PW-6376	MF	New Orleans	LA	45,824.71	3,159.15	8.450%	N/A	07/01/2009	N	6,297,727.04	6,294,567.89	01/01/2002				
296000041	PW-6763	MF	Henderson	NV	44,952.49	3,200.08	8.350%	N/A	09/01/2009	N	6,251,843.65	6,248,643.57	01/01/2002				
296000029	ML-134	IN	Round Rock	TX	43,328.23	3,962.23	8.190%	N/A	09/01/2009	N	6,143,669.35	6,139,707.12	01/01/2002				

See footnotes on last page of this section.

Exhibit "D-5"



Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
11000 Broken Land Parkway  
Columbia, MD 21044

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 01/16/2002  
Record date: 12/31/2001

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORIX-3325	3	09/01/2001	95,283.42	531,645.28	3	2	08/09/2001		17,917,748.39	1,846.24		
296000038	PW-8703	12	12/01/2000	97,377.06	1,228,398.17	9	7	07/25/2000		14,994,865.45	598,311.03		10/25/2001
901000072	ORIX-3266	0	12/01/2001	46,560.16	46,560.16	B				6,147,822.04	0.00		
190000248	PW-6410	0	12/01/2001	46,264.39	46,264.39	B				6,006,692.37	0.00		
296000042	PW-7790	1	11/01/2001	30,403.20	60,806.40	1				3,849,697.60	0.00		
190000245	PW-8313	0	12/01/2001	26,401.72	26,401.72	B	13	08/20/2001		3,586,034.40	927.50		
296000022	ML-151	0	12/01/2001	19,521.99	19,521.99	B				2,332,012.37	0.00		
296000047	PW-7170	0	12/01/2001	6,906.34	6,906.34	A				780,597.22	0.00		
<b>Totals</b>	<b>8</b>			<b>368,718.28</b>	<b>1,966,504.45</b>					<b>55,615,469.84</b>	<b>601,084.77</b>		

**Totals By Delinquency Code:**

Total for Status Code = 1 (1 loan)	30,403.20	60,806.40		3,849,697.60	0.00
Total for Status Code = 3 (1 loan)	95,283.42	531,645.28		17,917,748.39	1,846.24
Total for Status Code = 9 (1 loan)	97,377.06	1,228,398.17		14,994,865.45	598,311.03
Total for Status Code = A (1 loan)	6,906.34	6,906.34		780,597.22	0.00
Total for Status Code = B (4 loans)	138,748.26	138,748.26		18,072,561.18	927.50

**(1) Status of Mortgage Loan**

- A - Payment Not Received  
But Still in Grace Period  
B - Late Payment But Less  
Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

- Assumed Scheduled Payment  
(Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

**(2) Resolution Strategy Code**

- 1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return  
to Master Servicer  
10 - Deed In Lieu Of  
Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-6"



**WELLS  
FARGO**

Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 11/15/2002  
Record date: 10/31/2002

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
296000038	PW-8703	22	12/01/2000	742,025.23	1,994,977.24	9	7	07/25/2000		14,994,865.45	3,019,785.52		10/25/2001
296000044	PW-6132	8	02/01/2002	125,268.55	424,657.80	3	13	03/20/2001		6,282,671.16	529,151.10		
296000042	PW-7790	3	07/01/2002	30,403.20	121,612.80	7	2	01/25/2002		3,829,820.33	12,310.78		
296000022	ML-151	0	10/01/2002	19,521.99	19,521.99	B	13	06/26/2002		2,303,252.78	209.71	06/17/2002	
296000048	PW-8085	0	10/01/2002	8,529.34	8,529.34	B				969,045.66	0.00		
<b>Totals</b>	<b>5</b>			<b>925,748.31</b>	<b>2,569,299.17</b>					<b>28,379,655.38</b>	<b>3,561,457.11</b>		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	125,268.55	424,657.80		6,282,671.16	529,151.10	
Total for Status Code = 7 (1 loan)	30,403.20	121,612.80		3,829,820.33	12,310.78	
Total for Status Code = 9 (1 loan)	742,025.23	1,994,977.24		14,994,865.45	3,019,785.52	
Total for Status Code = B (2 loans)	28,051.33	28,051.33		3,272,298.44	209.71	

(1) Status of Mortgage Loan

A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

- Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P &amp; I Advances include the current period advance.

Exhibit "D-7"

**WELLS  
FARGO**

Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 12/16/2002  
Record date: 11/29/2002

**Mortgage Loan Detail**

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Strat. (2)	Mod. Code (3)
296000001	ML-107	MF	Fort Washington	MD	146,668.52	28,776.14	6.977%	06/01/2008	06/01/2028	N	25,226,060.92	25,197,284.78	12/01/2002				
190000257	PW-7905	OF	Columbia	SC	161,414.23	21,589.50	7.850%	10/01/2009	10/01/2029	N	24,674,786.00	24,653,196.50	12/01/2002				
296000004	ML-117	OF	Farmington	CT	131,981.49	20,720.39	7.790%	N/A	06/01/2009	N	20,330,910.34	20,310,189.95	12/01/2002				
296000017	ML-155	RT	Cerritos	CA	121,804.29	17,776.95	7.980%	N/A	09/01/2009	N	18,316,434.79	18,298,657.84	12/01/2002				
190000250	PW-8202	OF	Dallas	TX	124,033.32	14,959.28	8.200%	09/01/2009	09/01/2029	N	18,151,217.34	18,136,258.06	12/01/2002				
563970563	ML-126	MF	Silver Spring	MD	112,142.95	17,211.73	7.500%	N/A	06/01/2009	N	17,942,872.22	17,925,660.49	12/01/2002				
901000083	ORIX-3325	OF	Salt Lake City	UT	117,491.24	15,420.08	7.950%	N/A	08/01/2009	N	17,734,526.85	17,719,106.77	12/01/2002	04/10/2002	7,133,775.70	13	
296000038	PW-8703	MF	Various	VA	0.00	0.00	8.200%	N/A	08/01/2009	N	14,778,553.71	14,778,553.71	12/01/2000	07/10/2001	7,517,806.68	7	
901000068	ORIX-2965	OF	Irving	TX	99,948.04	15,422.35	7.500%	N/A	05/01/2009	N	15,991,686.04	15,976,263.69	12/01/2002				
296000014	ML-129	MF	Hammond	IN	100,739.12	15,602.32	7.790%	N/A	08/01/2009	N	15,518,221.73	15,502,619.41	12/01/2002				
563970569	ML-124	MF	Columbus	OH	75,772.26	11,629.55	7.500%	N/A	06/01/2009	N	12,123,562.34	12,111,932.79	12/01/2002				
563970557	ML-125	MF	Farmington Hills	MI	72,434.67	11,224.70	7.470%	N/A	06/01/2007	N	11,636,092.06	11,624,867.36	12/01/2002				
296000023	ML-138	LO	North Falmouth	MA	79,938.90	15,902.26	8.480%	N/A	09/01/2009	N	11,312,109.01	11,296,206.75	12/01/2002				
296000015	ML-147	OF	Las Vegas	NV	71,374.11	10,430.93	8.000%	N/A	08/01/2009	N	10,706,116.47	10,695,685.54	12/01/2002				
901000082	ORIX-3208	RT	Hamden	CT	66,417.46	7,216.92	8.530%	N/A	09/01/2009	N	9,343,605.10	9,336,388.18	12/01/2002				
296000036	ML-111	MF	Grand Prairie	TX	54,046.83	11,533.23	7.080%	N/A	02/01/2005	N	9,160,479.50	9,148,946.27	12/01/2002				
296000021	ML-143	IN	Melville	NY	63,899.67	8,276.45	8.420%	N/A	09/01/2009	N	9,106,840.74	9,098,564.29	12/01/2002				
901000063	ORIX-3108	RT	Indianapolis	IN	55,355.49	8,246.04	7.610%	N/A	05/01/2009	N	8,728,855.28	8,720,609.24	12/01/2002				
296000009	ML-112	RT	Hempstead	NY	55,727.29	8,836.08	7.730%	N/A	07/01/2009	N	8,651,067.07	8,642,230.99	12/01/2002				
296000033	ML-103	MF	Dallas	TX	50,259.54	10,008.30	7.350%	N/A	01/01/2008	N	8,205,638.82	8,195,630.52	12/01/2002				
296000028	PW-7942	RT	Bend	OR	54,688.08	7,208.52	7.920%	N/A	09/01/2009	N	8,286,072.31	8,278,863.79	12/01/2002				
850000002	ORIX-3257	OT	Thousand Oaks	CA	60,558.79	9,646.32	8.950%	N/A	10/01/2009	N	8,119,613.72	8,109,967.40	12/01/2002				
296000031	ML-101	IN	Seattle	WA	55,380.55	11,473.61	8.375%	N/A	07/01/2009	N	7,932,257.46	7,920,783.85	12/01/2002				
296000003	ML-116	MF	Riverside	CA	51,497.25	7,995.66	7.830%	N/A	06/01/2011	N	7,892,298.19	7,884,302.53	12/01/2002				
901000062	ORIX-3100	OF	Dallas	TX	51,066.47	6,911.32	7.870%	N/A	07/01/2009	N	7,786,500.98	7,779,589.66	12/01/2002				
296000011	ML-114	RT	New York	NY	49,701.01	9,071.16	8.875%	N/A	08/01/2009	N	6,720,135.89	6,711,064.73	12/01/2002				
296000010	ML-115	MU	Beverly Hills	CA	45,011.48	6,457.68	8.068%	N/A	08/01/2009	N	6,695,231.06	6,688,773.38	12/01/2002				
296000043	PW-8028	RT	Brooklyn	NY	48,819.60	4,919.04	8.800%	07/01/2009	07/01/2029	N	6,657,217.65	6,652,298.61	12/01/2002				
296000040	PW-7562	OF	Philadelphia	PA	49,539.39	4,611.54	9.050%	N/A	07/01/2009	N	6,568,759.12	6,564,147.58	12/01/2002				
296000020	ML-154	MF	Enfield	CT	41,424.37	6,223.67	7.875%	N/A	09/01/2009	N	6,312,285.47	6,306,061.80	12/01/2002				
296000044	PW-6132	MF	Harvey	LA	41,861.94	5,322.26	8.050%	N/A	08/01/2009	N	6,240,289.64	6,234,967.38	02/01/2002	07/10/2002	3,249,002.28	2	
296000046	PW-8376	MF	New Orleans	LA	44,027.70	4,956.16	8.450%	N/A	07/01/2009	N	6,252,453.81	6,247,497.65	12/01/2002				
296000041	PW-8763	MF	Henderson	NV	43,185.50	4,967.07	8.350%	N/A	09/01/2009	N	6,206,299.86	6,201,332.79	12/01/2002				
296000029	ML-134	IN	Round Rock	TX	41,562.91	5,727.55	8.190%	N/A	09/01/2009	N	6,089,804.01	6,084,076.46	12/01/2002				

See footnotes on last page of this section.

Exhibit "D-8"

**WELLS  
FARGO**

Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

**Payment Date:** 12/16/2002  
**Record date:** 11/29/2002

**Specially Serviced Loan Detail - Part 2**

Loan Number	Offering Document Cross-Reference	Resolution Strategy Code (1)	Site Inspection Date	Phase 1 Date	Appraisal Date	Appraisal Value	Other REO Property Revenue	Comments from Special Servicer
901000083	ORIX-3325	13			02/22/2002	12,400,000.00		Providian Financial Corporation announced that it will lay off 800 workers in its Salt Lake City call center and vacate its premises in Lakeside Plaza by 12/31/02. Providian has 60,533 SF (59%) expiring 06/30/03 and 42,098 SF (41%) expiring 10/31/03. The 7,273 SF restaurant/lunchroom lease expires 06/30/03. Providian is expected to make all lease payments through its lease expirations. Providian subleased the 2nd floor to CompuCredit, who may subsequently execute a new lease with the Borrower, subject to Noteholder's consent.
296000038	PW-8703	7						Lee Hall 10/31/02 occupancy 50%. Street rental rates will remain at \$450 through December 2002. Negotiations w/City of Petersburg & VSU in hopes of obtaining master lease have halted as VSU has finalized an on-campus housing program. Colonial Ct. 10/31/02 occupancy 83%. 47 units have been renovated. Norport 11/7/02, sold for \$2,400,000 with net sales proceeds of \$2,342,996.
296000044	PW-6132	2			03/08/2002	3,900,000.00		"Borrower failed to maintain property satisfactorily and significant deferred maintenance exists - roofs, interiors, parking lot, siding etc. Property seized March, 2002 due to monetary default and currently managed by Keeper. Keeper in process of curing electrical deficiencies at property required to obtain general liability insurance. Swimming pool repaired in July and operable. Keeper paid \$107M for insurance in 6/02. Foreclosure litigation pending in New Orleans. Guarantor litigation pending in Houston - depositions commenced June 28, 2002 and will continue through October. Trial date set for April, 2003. Property occupancy at 10/28 was 69% on 307 available units out of 415. * For seven months ended 9/30/02 total income was \$602M, total expenses were \$489M resulting in \$113M of NOI. Expenses include \$100M for prepaid liability insurance. Capex through 9/02 was \$34M for carpet, flooring, electrical and hvac."

See footnotes on last page of this section.

Exhibit "D-9"



**WELLS  
FARGO**

Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 12/16/2002  
Record date: 11/29/2002

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
296000038	PW-8703	23	12/01/2000	(481,806.67)	1,994,977.24	9	7	07/25/2000		14,994,865.45	645,719.94		10/25/2001
296000044	PW-6132	9	02/01/2002	(69,942.34)	354,715.46	3	2	03/20/2001		6,282,671.16	635,480.05		
296000042	PW-7790	4	07/01/2002	30,403.20	152,016.00	7	2	01/25/2002		3,829,820.33	24,194.92		
296000022	ML-151	1	10/01/2002	19,521.99	39,043.98	1	2	06/26/2002		2,303,252.78	12,147.47	06/17/2002	
296000048	PW-8085	0	11/01/2002	8,529.34	8,529.34	B				968,193.32	0.00		
Totals	5			(493,294.48)	2,549,282.02					28,378,803.04	1,317,542.38		

Totals By Delinquency Code:

Total for Status Code = 1 (1 loan)	19,521.99	39,043.98		2,303,252.78	12,147.47
Total for Status Code = 3 (1 loan)	(69,942.34)	354,715.46		6,282,671.16	635,480.05
Total for Status Code = 7 (1 loan)	30,403.20	152,016.00		3,829,820.33	24,194.92
Total for Status Code = 9 (1 loan)	(481,806.67)	1,994,977.24		14,994,865.45	645,719.94
Total for Status Code = B (1 loan)	8,529.34	8,529.34		968,193.32	0.00

(1) Status of Mortgage Loan

A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

- Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P &amp; I Advances include the current period advance.

Exhibit "D-10"

WELLS  
FARGO

Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 01/16/2003  
Record date: 12/31/2002

**Specially Serviced Loan Detail - Part 2**

Loan Number	Offering Document Cross-Reference	Resolution Strategy Code (1)	Site Inspection Date	Phase 1 Date	Appraisal Date	Appraisal Value	Other REO Property Revenue	Comments from Special Servicer
901000083	ORIX-3325	13			02/22/2002	12,400,000.00		Providian Financial Corporation announced that it will lay off 800 workers in its Salt Lake City call center and vacate its premises in Lakeside Plaza by 12/31/02. Providian has 60,533 SF (59%) expiring 06/30/03 and 42,098 SF (41%) expiring 10/31/03. The 7,273 SF restaurant/lunchroom lease expires 06/30/03. Providian is expected to make all lease payments through its lease expirations. Providian subleased the 2nd floor to CompuCredit, who may subsequently execute a new lease with the Borrower, subject to Noteholder's consent.
296000038	PW-8703	7				14,450,000.00		Lee Hall 10/31/02 occupancy 50%. Street rental rates will remain at \$450 through December 2002. Negotiations w/City of Petersburg & VSU in hopes of obtaining master lease have halted as VSU has finalized an on-campus housing program. Colonial Ct. 10/31/02 occupancy 83%. 47 units have been renovated. Norport 11/7/02, sold for \$2,400,000 with net sales proceeds of \$2,342,996.
296000044	PW-6132	2			03/08/2002	3,900,000.00		Borr failed to maintain prop satisfactorily & significant defer'd maint. exists - roofs, interiors, parking lot, siding etc. Prop seized 3/02 due to monetary default & curr managed by Keeper. Keeper in process of curing elect. deficiencies at prop required to obtain gen. liab. insur. Swimming pool repaired in July & operable. Keeper paid \$107M for insur in 6/02. Frclsr litigation pending in N. Orleans. Guar. litigation pending in Houston - depositions commenced 6/28/02 & will cont thru Oct. Trial date set for 4/03. Prop occu p'cy at 10/28 was 69% on 307 avail. units out of 415. 9 mos ended 11/30/02 total income was \$838M, total expenses were \$603M resulting in \$235M of NOI. Capex thru 9/02 was \$34M for carpet, flooring, elect. and hvac. Frclsr trial date set for 1/03 due to Cyrus II engaging new counsel. Guar. trial date set for 4/21/03 in Houston. Prop. occup'cy at 12/17/02 was 70% on 307 available units out of 415. 9 mos ended 11/30/02 total income was \$838M, total exp. were \$603M resulting in \$235M of NOI.

See footnotes on last page of this section.

Exhibit "D-11"

WELLS  
FARGO

Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 01/16/2003  
Record date: 12/31/2002

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
296000038	PW-8703	24	12/01/2000	130,109.28	394,977.24	9	7	07/25/2000		14,994,865.45	647,653.02		10/25/2001
296000044	PW-6132	10	02/01/2002	27,663.12	382,378.57	7	2	03/20/2001		6,282,671.16	642,890.07		
296000042	PW-7790	5	07/01/2002	30,403.20	182,419.20	7	2	01/25/2002		3,829,820.33	57,409.89		
296000022	ML-151	2	10/01/2002	19,521.99	58,565.97	7	2	06/26/2002		2,303,252.78	12,147.47	06/17/2002	
296000048	PW-8085	0	12/01/2002	8,529.34	8,529.34	B				967,086.80	0.00		
Totals	5			216,226.93	1,026,870.32					28,377,696.52	1,360,100.45		

Totals By Delinquency Code:

Total for Status Code = 7 (3 loans)	77,588.31	623,363.74		12,415,744.27	712,447.43
Total for Status Code = 9 (1 loan)	130,109.28	394,977.24		14,994,865.45	647,653.02
Total for Status Code = B (1 loan)	8,529.34	8,529.34		967,086.80	0.00

(1) Status of Mortgage Loan

- A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent
- 0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

- Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

- 1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale
- 6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer
- 10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-12"



Wells Fargo Bank Minnesota, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmb](http://www.ctslink.com/cmb)s

Payment Date: 01/15/2004  
Record date: 12/31/2003

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORIX-3325	6	06/01/2003	103,839.19	713,084.36	3	13	08/09/2001	08/08/2003	17,632,355.49	63,678.39		
296000038	PW-8703	36	12/01/2000	0.00	1,978,414.67	9	7	07/25/2000	10/25/2001	14,994,865.45	1,310,331.35		10/25/2001
901000068	ORIX-2965	2	10/01/2003	115,370.39	346,111.17	2	13	01/30/2003		15,830,225.68	28,113.08		
901000082	ORIX-3208	0	12/01/2003	73,634.38	73,634.38	B				9,257,090.49	0.00		
296000044	PW-6132	22	02/01/2002	(0.01)	548,357.23	7	2	03/20/2001	08/02/2002	6,282,671.16	1,366,814.07		
296000042	PW-7790	0	12/01/2003	30,403.20	30,403.20	7	9	01/25/2002	11/12/2002	3,787,237.31	49,083.08	02/14/2003	
901000055	ORIX-2507	0	12/01/2003	18,636.29	18,636.29	B				2,258,908.60	0.00		
296000022	ML-151	0	01/01/2004	0.00	0.00	7	9	06/26/2002	08/21/2002	2,256,624.14	9,918.59		
901000056	ORIX-2508	0	12/01/2003	15,673.07	15,673.07	B				1,928,186.93	0.00		
901000057	ORIX-2596	0	12/01/2003	12,386.53	12,386.53	B				1,475,269.25	0.00		
901000073	ORIX-3429	2	10/05/2003	8,677.75	26,033.25	7	2	09/22/2003		1,103,674.42	8,101.26		
296000048	PW-8085	0	01/01/2004	0.00	0.00	7	9	04/07/2003	05/22/2003	953,435.24	51,178.34		
190000242	PW-7781	0	12/01/2003	6,129.40	6,129.40	A				687,309.37	0.00		

See footnotes on last page of this section.

Exhibit "D-13"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 03/16/2004  
Record date: 02/27/2004

**Specially Serviced Loan Detail - Part 2**

Loan Number	Offering Document Cross-Reference	Resolution Strategy Code (1)	Site Inspection Date	Phase 1 Date	Appraisal Date	Appraisal Value	Other REO Property Revenue	Comments from Special Servicer
901000083	ORIX-3325	2			06/26/2003	14,450,000.00		Due to vacancy of Provident Financial NOI is now insufficient to cover debt service. A foreclosure action was initiated with a request for a Receiver. A Receiver was appointed on 9/5/03. The foreclosure lawsuit is in the initial discovery stage. The principal and guarantor - Eugene Horbach - passed away on 1/1/04. At this time it is unclear how this will affect the pending foreclosure lawsuit. Mr. Goss - Eugene Horbach's legal counsel - resigned from the case and sent in a Letter of Resignation to the court. Mr. Horbach's estate has to make the decision of whether or not to proceed with the lawsuit. The Motion for Summary Judgement was filed and the Defendant had until 3/11/04 to file a response. OCM does not know if the Defendant has responded. If a response has not been filed legal counsel will submit a judgement and decree of foreclosure on Thursday - 3/12/04.
296000038	PW-8703	7			09/10/2002	4,900,000.00		Lee Hall Apartments (the sole remaining property) is 47% occupied as of 1/31/04. The contract on Lee Hall fell out. Resuming marketing activities. Currently anticipate resolution of buyer litigation by 7/31/04. Anticipate fully remarketing the property after resolution. Earliest possible ultimate resolution is 12/31/04. Current list price is \$5.5 million.
901000068	ORIX-2965	13			03/21/2003	16,000,000.00		The note was marketed in a note sale however there were no acceptable offers. The Borrower continues to market the property to new tenants. The Borrower is in discussions with new investors to buy in equity and has requested SS to consider restructuring the note. SS has ordered an updated appraisal and is in the process of obtaining additional information to consider Borrower's request.

See footnotes on last page of this section.

Exhibit "D-14"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 11/17/2004  
Record date: 10/29/2004

**Specially Serviced Loan Detail - Part 2**

Loan Number	Offering Document Cross-Reference	Resolution Strategy Code (1)	Site Inspection Date	Phase 1 Date	Appraisal Date	Appraisal Value	Other REO Property Revenue	Comments from Special Servicer
901000083	ORIX-3325	7			05/27/2004	11,410,000.00		Sale of the property has been approved for \$12,500,000, with 45 day DD and 10 day close. The contract is currently being negotiated, and should be executed by 11/5/04. Closing is anticipated by 12/31/04.
296000038	PW-8703	7			10/21/2003	5,000,000.00		Lee Hall Apartments (the sole remaining property) is 49% occupied as of 8/31/04. The 2003 contract on Lee Hall fell out (set to close 12/03). Trial date for litigation with former buyer is set for 5/9/05. Have selected a new buyer for the property and have negotiated a Purchase and Sale Agreement. Terms \$4.5MM purchase price, 30 day due diligence close on 11-17-04. Buyer may exercise 2 extensions that increase purchase price: \$100K for additional 30 days and \$50K for additional 12 days.
901000068	ORIX-2965	13			02/12/2004	12,130,000.00		The note was marketed in a note sale however there were no acceptable offers. The Borrower continues to market the property to new tenants. The Borrower is in discussions with new investors to buy in equity and has requested SS to consider restructuring the note. SS has obtained an updated appraisal and is in the process of considering the Borrower's request.

See footnotes on last page of this section.

Exhibit "D-15"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

**Payment Date:** 12/16/2004  
**Record date:** 11/30/2004

**Principal Prepayment Detail**

Loan Number	Offering Document Cross-Reference	Principal Prepayment Amount		Prepayment Penalties	
		Payoff Amount	Curtailment Amount	Prepayment Premium	Yield Maintenance Premium
296000038	PW-8703	4,033,024.42	0.00	0.00	0.00
Totals		4,033,024.42	0.00	0.00	0.00

Exhibit "D-16"



**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 10/15/2004  
Record date: 09/30/2004

**Mortgage Loan Detail**

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Strat. (2)	Mod. Code (3)
296000001	ML-107	MF	Fort Washington	MD	143,049.35	32,395.31	6.977%	06/01/2008	06/01/2028	N	24,603,586.02	24,571,190.71	10/01/2004				
190000257	PW-7905	OF	Columbia	SC	158,453.42	24,550.31	7.850%	10/01/2009	10/01/2029	N	24,222,179.14	24,197,628.83	10/01/2004				
296000004	ML-117	OF	Farmington	CT	129,110.54	23,591.34	7.790%	N/A	06/01/2009	N	19,888,658.33	19,865,066.99	10/01/2004				
296000017	ML-156	RT	Cerritos	CA	119,296.85	20,284.39	7.980%	N/A	09/01/2009	N	17,939,375.50	17,919,091.11	10/01/2004				
190000250	PW-8202	OF	Dallas	TX	121,912.90	17,079.70	8.200%	09/01/2009	09/01/2029	N	17,840,912.32	17,823,832.62	10/01/2004				
563970563	ML-126	MF	Silver Spring	MD	109,858.59	19,496.09	7.500%	N/A	06/01/2009	N	17,577,374.56	17,557,878.47	10/01/2004				
901000083	ORIX-3325	OF	Salt Lake City	UT	115,352.76	17,558.56	7.950%	N/A	08/01/2009	N	17,411,737.33	17,394,178.77	06/01/2003	08/10/2004	7,668,276.45	7	
296000038	PW-8703	MF	Various	VA	0.00	10,503,553.71	8.200%	N/A	08/01/2009	N	14,778,553.71	4,275,000.00	10/01/2004				
901000068	ORIX-2965	OF	Irving	TX	97,899.98	17,470.41	7.500%	N/A	05/01/2009	N	15,663,997.34	15,646,526.93	02/01/2004	05/10/2004	4,972,245.16	13	
296000014	ML-129	MF	Hammond	IN	98,580.43	17,761.01	7.790%	N/A	08/01/2009	N	15,185,688.79	15,167,927.78	10/01/2004				
563970569	ML-124	MF	Columbus	OH	74,228.78	13,173.03	7.500%	N/A	06/01/2009	N	11,876,604.48	11,863,431.45	10/01/2004				
563970567	ML-125	MF	Farmington Hills	MI	70,949.75	12,709.62	7.470%	N/A	06/01/2007	N	11,397,550.46	11,384,840.84	10/01/2004				
296000023	ML-138	LO	North Falmouth	MA	77,471.43	18,369.73	8.480%	N/A	09/01/2009	N	10,962,938.78	10,944,569.05	10/01/2004				
296000015	ML-147	OF	Las Vegas	NV	69,898.64	11,906.40	8.000%	N/A	08/01/2009	N	10,484,795.36	10,472,888.96	10/01/2004				
901000082	ORIX-3208	RT	Hamden	CT	65,366.68	8,267.70	8.530%	N/A	09/01/2009	N	9,195,781.41	9,187,513.71	10/01/2004				
296000021	ML-143	IN	Melville	NY	62,680.80	9,495.32	8.420%	N/A	09/01/2009	N	8,933,130.97	8,923,635.65	10/01/2004				
901000063	ORIX-3108	RT	Indianapolis	IN	54,247.53	9,354.00	7.610%	N/A	05/01/2009	N	8,554,144.59	8,544,790.59	10/01/2004				
296000009	ML-112	RT	Hempstead	NY	54,511.83	10,051.54	7.730%	N/A	07/01/2009	N	8,462,379.54	8,452,328.00	10/01/2004				
296000033	ML-103	MF	Dallas	TX	48,927.33	11,340.51	7.350%	N/A	01/01/2008	N	7,988,136.88	7,976,795.37	10/01/2004				
296000028	PW-7842	RT	Bend	OR	53,691.89	8,204.71	7.920%	N/A	09/01/2009	N	8,135,134.16	8,126,929.45	10/01/2004				
850000002	ORIX-3257	OT	Thousand Oaks	CA	59,004.30	11,200.81	8.950%	N/A	10/01/2009	N	7,911,191.69	7,899,990.88	10/01/2004				
296000031	ML-101	IN	Seattle	WA	53,598.25	13,235.91	8.375%	N/A	07/01/2009	N	7,679,749.13	7,666,513.22	10/01/2004				
296000003	ML-116	MF	Riverside	CA	50,384.60	9,108.31	7.830%	N/A	06/01/2011	N	7,721,777.99	7,712,669.68	10/01/2004				
901000062	ORIX-3100	OF	Dallas	TX	50,114.65	7,863.14	7.870%	N/A	07/01/2009	N	7,641,369.41	7,633,506.27	10/01/2004				
296000011	ML-114	RT	New York	NY	48,233.36	10,538.81	8.875%	N/A	08/01/2009	N	6,521,693.98	6,511,155.17	10/01/2004				
296000010	ML-115	MU	Beverly Hills	CA	44,091.71	7,377.45	8.068%	N/A	08/01/2009	N	6,558,420.06	6,551,042.61	10/01/2004				13
296000043	PW-8028	RT	Brooklyn	NY	48,088.13	5,650.51	8.800%	07/01/2009	07/01/2029	N	6,557,471.69	6,551,821.18	10/01/2004				
296000040	PW-7562	OF	Philadelphia	PA	48,842.67	5,308.28	9.050%	N/A	07/01/2009	N	6,476,375.86	6,471,067.60	10/01/2004				
296000020	ML-154	MF	Enfield	CT	40,556.08	7,091.96	7.875%	N/A	09/01/2009	N	6,179,974.74	6,172,882.78	10/01/2004				
296000044	PW-6132	MF	Harvey	LA	0.00	0.00	8.050%	N/A	08/01/2009	N	6,199,546.52	6,199,546.52	02/01/2002				13
296000046	PW-8376	MF	New Orleans	LA	43,309.42	5,674.44	8.450%	N/A	07/01/2009	N	6,150,449.95	6,144,775.51	10/01/2004				
296000041	PW-8763	MF	Henderson	NV	42,472.51	6,103,833.39	8.350%	N/A	09/01/2009	N	6,103,833.38	0.00	10/01/2004				8
296000029	ML-134	IN	Round Rock	TX	40,737.78	6,552.68	8.190%	N/A	09/01/2009	N	5,968,905.56	5,962,352.88	10/01/2004				
901000072	ORIX-3266	RT	Westminster	CO	40,705.87	5,854.29	8.150%	N/A	07/01/2009	N	5,993,502.01	5,987,647.72	10/01/2004				

See footnotes on last page of this section.

Exhibit "D-17"



**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

**Payment Date: 10/15/2004**  
**Record date: 09/30/2004**

**Principal Prepayment Detail**

Loan Number	Offering Document Cross-Reference	Principal Prepayment Amount		Prepayment Penalties	
		Payoff Amount	Curtailment Amount	Prepayment Premium	Yield Maintenance Premium
296000038	PW-8703	0.00	10,503,553.71	0.00	0.00
296000041	PW-8763	6,098,153.33	0.00	0.00	0.00
<b>Totals</b>		<b>6,098,153.33</b>	<b>10,503,553.71</b>	<b>0.00</b>	<b>0.00</b>

Exhibit "D-18"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 09/16/2004  
Record date: 08/31/2004

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORIX-3325	14	06/01/2003	86,837.76	1,509,795.02	9	7	08/09/2001	08/08/2003	17,632,355.49	103,553.69		06/29/2004
296000038	PW-8703	34	10/01/2001	0.00	978,237.40	9	7	07/25/2000	10/25/2001	14,994,865.45	233,674.00		10/25/2001
901000068	ORIX-2965	6	02/01/2004	85,495.48	635,807.28	3	13	01/30/2003		15,773,842.57	42,938.45		
296000010	ML-115	0	08/01/2004	51,469.16	51,469.16	B	13	08/31/2004		6,564,287.03	0.00		
296000044	PW-6132	30	02/01/2002	0.00	548,357.23	7	13	03/20/2001	08/02/2002	6,282,671.16	1,839,272.36		
296000022	ML-151	0	09/01/2004	0.00	0.00	7			08/21/2002	2,229,766.68	0.00		
296000039	PW-7395	7	01/01/2004	16,637.94	133,900.20	9	7	07/01/2003	03/01/2004	2,174,628.05	19,486.98		05/07/2004
901000020	ORIX-2104	0	08/01/2004	13,403.65	13,403.65	B				1,568,277.20	0.00		
190000242	PW-7781	0	08/01/2004	6,129.40	6,129.40	A				680,602.95	0.00		
<b>Totals</b>	<b>9</b>			<b>259,973.39</b>	<b>3,877,099.34</b>					<b>67,901,296.58</b>	<b>2,238,925.48</b>		

**Totals By Delinquency Code:**

Total for Status Code = 3 (1 loan)	85,495.48	635,807.28		15,773,842.57	42,938.45
Total for Status Code = 7 (2 loans)	0.00	548,357.23		8,512,437.84	1,839,272.36
Total for Status Code = 9 (3 loans)	103,475.70	2,621,932.62		34,801,848.99	356,714.67
Total for Status Code = A (1 loan)	6,129.40	6,129.40		680,602.95	0.00
Total for Status Code = B (2 loans)	64,872.81	64,872.81		8,132,564.23	0.00

(1) Status of Mortgage Loan

- A - Payment Not Received But Still In Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

- 4 - Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

- 1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-19"

**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 10/15/2004  
Record date: 09/30/2004

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORIX-3325	15	06/01/2003	86,837.76	1,596,632.78	9	7	08/09/2001	08/08/2003	17,632,355.49	103,553.69		06/29/2004
296000038	PW-8703	0	10/01/2004	0.00	0.00	9	7	07/25/2000	10/25/2001	14,994,865.45	0.00		10/25/2001
901000068	ORIX-2965	7	02/01/2004	85,495.48	721,302.76	3	13	01/30/2003		15,773,842.57	43,208.45		
296000044	PW-6132	31	02/01/2002	0.00	548,357.23	7	13	03/20/2001	08/02/2002	6,282,671.16	1,839,408.16	09/29/2004	
190000246	PW-6482	0	09/01/2004	26,282.61	26,282.61	A				3,049,818.05	0.00		
296000039	PW-7395	8	01/01/2004	16,637.94	150,538.14	9	7	07/01/2003	03/01/2004	2,174,628.05	19,486.98		05/07/2004
296000035	ML-132	0	09/01/2004	14,951.82	14,951.82	A				1,715,148.20	0.00		
901000020	ORIX-2104	0	09/01/2004	13,403.65	13,403.65	B				1,566,014.85	0.00		
190000242	PW-7781	0	09/01/2004	6,129.40	6,129.40	A				679,821.48	0.00		
<b>Totals</b>	<b>9</b>			<b>249,738.66</b>	<b>3,077,598.39</b>					<b>63,869,165.30</b>	<b>2,005,657.28</b>		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	85,495.48	721,302.76		15,773,842.57	43,208.45
Total for Status Code = 7 (1 loan)	0.00	548,357.23		6,282,671.16	1,839,408.16
Total for Status Code = 9 (3 loans)	103,475.70	1,747,170.92		34,801,848.99	123,040.67
Total for Status Code = A (3 loans)	47,363.83	47,363.83		5,444,787.73	0.00
Total for Status Code = B (1 loan)	13,403.65	13,403.65		1,566,014.85	0.00

**(1) Status of Mortgage Loan**

A - Payment Not Received  
But Still in Grace Period  
B - Late Payment But Less  
Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment  
(Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

**(2) Resolution Strategy Code**

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return  
to Master Servicer  
10 - Deed In Lieu Of  
Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P &amp; I Advances include the current period advance.

Exhibit "D-20"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 12/16/2004  
Record date: 11/30/2004

**Liquidated Loan Detail**

Loan Number	Final Recovery Determination Date	Offering Document Cross-Reference	Appraisal Date	Appraisal Value	Actual Balance	Gross Proceeds	Gross Proceeds as a % of Actual Balance	Aggregate Liquidation Expenses *	Net Liquidation Proceeds	Net Proceeds as a % of Actual Balance	Realized Loss	Repurchased by Seller (Y/N)
296000038	11/23/2004	PW-8703	10/21/2003	5,000,000.00	4,275,000.00	4,132,876.90	96.675%	0.00	4,132,876.90	96.675%	241,975.58	N
296000041	09/14/2004	PW-8763	05/30/2004	7,380,000.00	6,103,833.39	6,377,059.69	104.476%	115,097.45	6,261,962.24	102.591%	0.00	N
901000073	04/28/2004	ORIX-3429	12/12/2003	655,000.00	1,103,674.42	701,358.25	63.548%	0.00	701,358.25	63.548%	475,771.86	N
296000047	09/27/2002	PW-7170	11/10/1998	1,060,000.00	775,106.82	723,680.00	93.365%	9,813.78	713,866.22	92.099%	80,551.91	N
Current Total				5,000,000.00	4,275,000.00	4,132,876.90		0.00	4,132,876.90		241,975.58	
Cumulative Total				14,095,000.00	12,257,614.63	11,934,974.84		124,911.23	11,810,063.61		798,299.35	

\* Aggregate liquidation expenses also include outstanding P & I advances and unpaid fees (servicing, trustee, etc.).

Exhibit "D-21"

**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 01/18/2005  
Record date: 12/31/2004

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORIX-3325	18	06/01/2003	86,837.76	1,851,507.55	9	7	08/09/2001	08/08/2003	17,632,355.49	152,452.12		06/29/2004
901000068	ORIX-2965	10	02/01/2004	85,495.48	974,868.55	3	13	01/30/2003		15,773,842.57	54,906.76		
296000044	PW-6132	34	02/01/2002	0.00	542,104.99	7	13	03/20/2001	08/02/2002	6,282,671.16	2,438,768.65		
190000246	PW-6482	0	12/01/2004	26,282.61	26,282.61	A				3,036,403.26	0.00		
296000022	ML-151	0	01/01/2005	0.00	0.00	7			11/13/2002	2,215,753.27	45.00		
296000039	PW-7395	11	01/01/2004	16,637.94	198,911.34	9	7	07/01/2003	03/01/2004	2,174,628.05	20,038.78		05/07/2004
<b>Totals</b>	<b>6</b>			<b>215,253.79</b>	<b>3,593,675.04</b>					<b>47,115,653.80</b>	<b>2,666,211.31</b>		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	85,495.48	974,868.55		15,773,842.57	54,906.76
Total for Status Code = 7 (2 loans)	0.00	542,104.99		8,498,424.43	2,438,813.65
Total for Status Code = 9 (2 loans)	103,475.70	2,050,418.89		19,806,983.54	172,490.90
Total for Status Code = A (1 loan)	26,282.61	26,282.61		3,036,403.26	0.00

(1) Status of Mortgage Loan

A - Payment Not Received  
But Still in Grace Period  
B - Late Payment But Less  
Than 1 Month Delinquent

0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment  
(Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale

6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return  
to Master Servicer

10 - Deed In Lieu Of  
Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P &amp; I Advances include the current period advance.

Exhibit "D-22"

**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 03/16/2005  
Record date: 02/28/2005

**Mortgage Loan Detail**

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Strat. (2)	Mod. Code (3)
296000001	ML-107	MF	Fort Washington	MD	132,701.44	42,743.22	6.977%	06/01/2008	06/01/2028	N	24,454,083.30	24,411,340.08	03/01/2005				
190000257	PW-7905	OF	Columbia	SC	147,227.87	35,775.86	7.850%	10/01/2009	10/01/2029	N	24,113,755.41	24,077,979.55	03/01/2005				
296000004	ML-117	OF	Farmington	CT	119,857.82	32,844.06	7.790%	N/A	06/01/2009	N	19,782,145.01	19,749,300.95	03/01/2005				
296000017	ML-158	RT	Cerritos	CA	110,780.30	28,800.94	7.980%	N/A	09/01/2009	N	17,848,597.86	17,819,796.92	03/01/2005				
190000250	PW-8202	OF	Dallas	TX	113,311.51	25,681.09	8.200%	09/01/2009	09/01/2029	N	17,766,612.91	17,740,931.82	03/01/2005				
296000050	ML-128	MF	Silver Spring	MD	102,023.34	27,331.34	7.500%	N/A	06/01/2009	N	17,489,715.23	17,462,383.89	03/01/2005				
901000083	ORIX-3325	OF	Salt Lake City	UT	107,184.26	25,727.06	7.950%	N/A	08/01/2009	N	17,334,382.39	17,308,655.33	08/01/2003	08/10/2004	7,668,276.45	7	
901000068	ORIX-2985	OF	Irving	TX	90,914.78	24,455.61	7.500%	N/A	05/01/2009	N	15,585,391.11	15,560,935.50	02/01/2004	05/10/2004	4,972,245.16	13	
296000014	ML-128	MF	Hammond	IN	91,523.38	24,818.06	7.790%	N/A	08/01/2009	N	15,105,638.05	15,080,819.99	03/01/2005				
296000051	ML-124	MF	Columbus	OH	68,934.89	18,467.12	7.500%	N/A	06/01/2009	N	11,817,375.22	11,798,808.10	03/01/2005				
296000049	ML-126	MF	Farmington Hills	MI	66,887.38	17,771.99	7.470%	N/A	06/01/2007	N	11,340,340.53	11,322,568.54	03/01/2005				
296000023	ML-136	LO	North Falmouth	MA	71,743.62	24,097.54	8.480%	N/A	09/01/2009	N	10,877,570.10	10,853,472.56	03/01/2005				
296000015	ML-147	OF	Las Vegas	NV	64,907.09	16,897.95	8.000%	N/A	08/01/2009	N	10,431,496.71	10,414,598.76	03/01/2005				
901000082	ORIX-3208	RT	Hamden	CT	60,774.40	12,859.98	8.530%	N/A	09/01/2009	N	9,160,435.66	9,147,575.68	03/01/2005				
296000021	ML-143	IN	Melville	NY	58,228.10	13,948.02	8.420%	N/A	09/01/2009	N	8,891,293.95	8,877,345.93	03/01/2005				
901000063	ORIX-3108	RT	Indianapolis	IN	50,382.96	13,218.57	7.610%	N/A	05/01/2009	N	8,512,233.62	8,499,015.05	03/01/2005				
296000009	ML-112	RT	Hempstead	NY	50,604.59	13,958.78	7.730%	N/A	07/01/2009	N	8,416,952.09	8,402,993.31	03/01/2005				
296000033	ML-103	MF	Dallas	TX	45,365.46	14,902.38	7.350%	N/A	01/01/2008	N	7,935,649.61	7,920,747.23	03/01/2005				
296000028	PW-7942	RT	Bend	OR	49,889.65	12,006.95	7.920%	N/A	09/01/2009	N	8,098,968.74	8,086,961.79	03/01/2005				
850000005	ORIX-3257	OT	Thousand Oaks	CA	54,716.31	15,488.80	8.950%	N/A	10/01/2009	N	7,860,284.34	7,844,795.54	03/01/2005				
296000031	ML-101	IN	Seattle	WA	49,622.97	17,211.19	8.375%	N/A	07/01/2009	N	7,618,025.61	7,600,814.42	03/01/2005				
296000003	ML-118	MF	Riverside	CA	46,775.50	12,717.41	7.830%	N/A	06/01/2011	N	7,680,705.82	7,667,988.41	03/01/2005				
901000062	ORIX-3100	OF	Dallas	TX	46,560.70	11,417.09	7.870%	N/A	07/01/2009	N	7,606,577.30	7,595,160.21	03/01/2005				
296000011	ML-114	RT	New York	NY	44,682.14	14,090.03	8.875%	N/A	08/01/2009	N	6,473,066.00	6,458,975.97	03/01/2005				
296000010	ML-115	MU	Beverly Hills	CA	40,945.51	10,523.65	8.068%	N/A	08/01/2009	N	6,525,469.98	6,514,946.33	03/01/2005				13
296000043	PW-8028	RT	Brooklyn	NY	44,719.19	9,019.45	8.800%	07/01/2009	07/01/2029	N	6,533,647.77	6,524,628.32	03/01/2005				
296000040	PW-7562	OF	Philadelphia	PA	45,431.49	8,719.44	9.050%	N/A	07/01/2009	N	6,454,355.26	6,445,635.82	03/01/2005				
296000020	ML-154	MF	Enfield	CT	37,657.27	9,990.77	7.875%	N/A	09/01/2009	N	6,148,126.08	6,138,135.31	03/01/2005				
296000044	PW-6132	MF	Harvey	LA	0.00	0.00	8.050%	N/A	08/01/2009	N	6,199,546.52	6,199,546.52	02/01/2002	02/10/2004	4,649,658.55	13	
296000046	PW-6378	MF	New Orleans	LA	40,261.68	8,722.18	8.450%	N/A	07/01/2009	N	6,126,037.40	6,117,315.22	03/01/2005				
296000029	ML-134	IN	Round Rock	TX	37,836.47	9,453.99	8.190%	N/A	09/01/2009	N	5,939,791.77	5,930,337.78	03/01/2005				
901000072	ORIX-3286	RT	Westminster	CO	37,830.03	8,730.13	8.150%	N/A	07/01/2009	N	5,987,928.05	5,959,197.92	03/01/2005				
901000059	ORIX-3115	OF	Laguna Hills	CA	36,438.57	8,970.87	7.940%	N/A	03/01/2009	N	5,900,451.67	5,891,480.80	03/01/2005				
190000248	PW-8410	RT	Laramie	WY	37,933.57	8,330.82	8.350%	N/A	09/01/2009	N	5,840,925.96	5,832,595.14	03/01/2005				

See footnotes on last page of this section.

Exhibit "D-23"



**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Mortgage Investors, Inc.**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

**Payment Date:** 03/16/2005  
**Record date:** 02/28/2005

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000083	ORIX-3325	18	08/01/2003	86,837.76	1,831,323.05	9	7	08/09/2001	08/08/2003	17,603,945.18	25,097.64		06/29/2004
901000068	ORIX-2965	12	02/01/2004	85,495.48	1,145,348.40	3	13	01/30/2003		15,773,842.57	56,153.33		
296000044	PW-6132	36	02/01/2002	0.00	542,104.99	3	13	03/20/2001		6,282,671.16	2,471,295.31		
190000246	PW-6482	0	02/01/2005	26,282.61	26,282.61	A				3,028,257.90	0.00		
<b>Totals</b>	<b>4</b>			<b>198,615.85</b>	<b>3,545,059.05</b>					<b>42,688,716.81</b>	<b>2,552,546.28</b>		

**Totals By Delinquency Code:**

Total for Status Code = 3 (2 loans)	85,495.48	1,687,453.39		22,056,513.73	2,527,448.64
Total for Status Code = 9 (1 loan)	86,837.76	1,831,323.05		17,603,945.18	25,097.64
Total for Status Code = A (1 loan)	26,282.61	26,282.61		3,028,257.90	0.00

(1) Status of Mortgage Loan

A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-24"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 06/15/2006  
Record date: 05/31/2006

**Specially Serviced Loan Detail - Part 2**

Loan Number	Offering Document Cross-Reference	Resolution Strategy Code (1)	Site Inspection Date	Phase 1 Date	Appraisal Date	Appraisal Value	Other REO Property Revenue	Comments from Special Servicer
296000033	ML-103	13			10/31/1997	8,300,000.00		Servicer's comments provided are too lengthy to include; please refer to Servicer reports.
296000010	ML-115	13			03/26/1999	8,900,000.00		Servicer's comments provided are too lengthy to include; please refer to Servicer reports.
296000044	PW-6132	13			04/24/2003	3,900,000.00		Servicer's comments provided are too lengthy to include; please refer to Servicer reports.

See footnotes on last page of this section.

Exhibit "D-25"





Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

**Payment Date:** 01/17/2006  
**Record date:** 12/30/2005

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000068	ORIX-2965	20	04/01/2004	69,482.42	1,561,762.12	9	7	01/30/2003		15,740,145.20	513,405.13		04/08/2005
296000044	PW-6132	46	02/01/2002	0.00	300,248.24	3	13	03/20/2001		6,282,671.16	3,329,827.50		
190000246	PW-6482	0	12/01/2005	26,282.61	26,282.61	A				2,980,500.80	0.00		
<b>Totals</b>				<b>95,765.03</b>	<b>1,888,292.97</b>					<b>25,003,317.16</b>	<b>3,843,232.63</b>		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	0.00	300,248.24	6,282,671.16	3,329,827.50
Total for Status Code = 9 (1 loan)	69,482.42	1,561,762.12	15,740,145.20	513,405.13
Total for Status Code = A (1 loan)	26,282.61	26,282.61	2,980,500.80	0.00

(1) Status of Mortgage Loan

A - Payment Not Received But Still In Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-26"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 02/16/2006  
Record date: 01/31/2006

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000068	ORIX-2965	21	04/01/2004	69,482.42	1,630,979.08	9	7	01/30/2003		15,740,145.20	731,790.74		04/08/2005
296000044	PW-6132	47	02/01/2002	0.00	289,230.37	3	13	03/20/2001		6,282,671.16	6,414,538.50		
190000246	PW-6482	0	01/01/2006	26,282.61	26,282.61	A				2,976,033.80	0.00		
Totals	3			95,765.03	1,946,492.06					24,998,850.16	7,146,329.24		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	0.00	289,230.37		6,282,671.16	6,414,538.50	
Total for Status Code = 9 (1 loan)	69,482.42	1,630,979.08		15,740,145.20	731,790.74	
Total for Status Code = A (1 loan)	26,282.61	26,282.61		2,976,033.80	0.00	

(1) Status of Mortgage Loan

A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Dead In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Raps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-27"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 03/16/2006  
Record date: 02/28/2006

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000068	ORIX-2965	22	04/01/2004	69,482.42	1,700,196.37	9	7	01/30/2003		15,740,145.20	513,969.55		04/08/2005
296000044	PW-6132	48	02/01/2002	0.00	300,248.24	3	13	03/20/2001		6,282,671.16	3,390,664.63	06/27/2005	
190000246	PW-6482	0	02/01/2006	26,282.61	26,282.61	A				2,971,534.10	0.00		
Totals	3			95,765.03	2,026,727.22					24,994,350.46	3,904,634.18		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	0.00	300,248.24		6,282,671.16	3,390,664.63
Total for Status Code = 9 (1 loan)	69,482.42	1,700,196.37		15,740,145.20	513,969.55
Total for Status Code = A (1 loan)	26,282.61	26,282.61		2,971,534.10	0.00

(1) Status of Mortgage Loan

A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-28"

WELLS  
FARGO

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmb](http://www.ctslink.com/cmb)s

Payment Date: 04/17/2006  
Record date: 03/31/2006

**Mortgage Loan Detail**

Loan Number	ODCR	Property Type (1)	City	State	Interest Payment	Principal Payment	Gross Coupon	Anticipated Repayment Date	Maturity Date	Neg. Amort (Y/N)	Beginning Scheduled Balance	Ending Scheduled Balance	Paid Thru Date	Appraisal Reduction Date	Appraisal Reduction Amount	Res. Strat. (2)	Mod. Code (3)
296000001	ML-107	MF	Fort Washington	MD	144,316.01	31,128.55	6.977%	06/01/2008	06/01/2028	N	24,020,751.96	23,989,523.31	04/01/2006				
190000257	PW-7805	OF	Columbia	SC	160,802.85	22,200.88	7.850%	10/01/2009	10/01/2029	N	23,788,381.83	23,766,180.95	04/01/2006				
296000004	ML-117	OF	Farmington	CT	130,586.04	22,115.84	7.790%	N/A	06/01/2009	N	19,467,047.50	19,444,931.65	04/01/2006				
296000017	ML-158	RT	Cerritos	CA	120,791.11	18,790.13	7.980%	N/A	09/01/2009	N	17,578,138.61	17,559,348.48	04/01/2006				
190000250	PW-8202	OF	Dallas	TX	85,219.04	53,773.56	5.890%	09/01/2009	09/01/2029	N	17,392,626.97	17,338,853.41	03/01/2006				1
296000050	ML-128	MF	Silver Spring	MD	111,279.34	18,075.34	7.500%	N/A	06/01/2009	N	17,230,349.27	17,212,273.93	04/01/2006				
901000068	ORIX-2885	OF	Irving	TX	99,154.23	16,216.16	7.500%	N/A	05/01/2009	N	15,352,912.91	15,336,696.75	04/01/2004	04/08/2005	7,637,386.92		7
296000014	ML-129	MF	Hammond	IN	99,739.18	16,602.26	7.790%	N/A	08/01/2009	N	14,868,568.14	14,851,965.88	04/01/2006				13
296000051	ML-124	MF	Columbus	OH	75,188.74	12,213.07	7.500%	N/A	06/01/2009	N	11,642,127.97	11,629,914.90	04/01/2006				
296000049	ML-125	MF	Farmington Hills	MI	71,858.93	11,800.44	7.470%	N/A	06/01/2007	N	11,171,229.30	11,159,428.86	04/01/2006				
296000023	ML-138	LO	North Falmouth	MA	77,608.50	18,232.66	8.480%	N/A	09/01/2009	N	10,628,066.35	10,609,833.69	04/01/2006				
296000015	ML-147	OF	Las Vegas	NV	70,767.50	11,037.54	8.000%	N/A	08/01/2009	N	10,272,701.53	10,261,663.99	04/01/2006				
901000082	ORIX-3208	RT	Hamden	CT	66,486.18	7,148.20	8.530%	N/A	09/01/2009	N	9,051,554.24	9,044,406.04	04/01/2006				
296000021	ML-143	IN	Melville	NY	63,550.85	8,625.27	8.420%	N/A	09/01/2009	N	8,764,962.54	8,756,337.27	04/01/2006				
901000063	ORIX-3108	RT	Indianapolis	IN	54,965.99	8,635.54	7.610%	N/A	05/01/2009	N	8,387,841.97	8,379,206.43	04/01/2006				
296000009	ML-112	RT	Hempstead	NY	55,132.97	9,430.40	7.730%	N/A	07/01/2009	N	8,282,715.43	8,273,285.03	04/01/2006				
296000033	ML-103	MF	Dallas	TX	49,261.89	11,005.95	7.350%	N/A	01/01/2008	N	7,783,313.03	7,772,307.08	03/01/2006				13
296000028	PW-7842	RT	Bend	OR	54,493.46	7,403.14	7.920%	N/A	09/01/2009	N	7,990,243.52	7,982,840.38	04/01/2006				
850000005	ORIX-3257	OT	Thousand Oaks	CA	59,411.64	10,793.47	8.950%	N/A	10/01/2009	N	7,708,845.58	7,698,052.11	04/01/2006				
296000031	ML-101	IN	Seattle	WA	53,642.64	13,191.52	8.375%	N/A	07/01/2009	N	7,438,170.42	7,424,978.90	04/01/2006				
296000003	ML-118	MF	Riverside	CA	50,967.01	8,525.90	7.830%	N/A	06/01/2011	N	7,559,067.26	7,550,541.36	04/01/2006				
901000062	ORIX-3100	OF	Dallas	TX	50,842.50	7,135.29	7.870%	N/A	07/01/2009	N	7,502,274.18	7,495,138.89	04/01/2006				
296000011	ML-114	RT	New York	NY	48,374.94	10,397.23	8.875%	N/A	08/01/2009	N	6,329,842.67	6,319,445.44	04/01/2006				
296000010	ML-115	MU	Beverly Hills	CA	44,649.19	6,819.97	8.068%	N/A	08/01/2009	N	6,427,105.53	6,420,285.66	04/01/2006				13
296000043	PW-8028	RT	Brooklyn	NY	48,948.23	4,790.41	8.800%	07/01/2009	07/01/2029	N	6,459,443.54	6,454,653.13	04/01/2006				
296000040	PW-7582	OF	Philadelphia	PA	49,757.96	4,392.97	9.050%	N/A	07/01/2009	N	6,384,910.50	6,380,517.53	04/01/2006				
296000020	ML-154	MF	Enfield	CT	41,050.47	6,597.57	7.875%	N/A	09/01/2009	N	6,053,525.96	6,046,928.39	04/01/2006				
296000044	PW-8132	MF	Harvey	LA	0.00	0.00	8.050%	N/A	08/01/2009	N	6,199,546.52	6,199,546.52	02/01/2002	02/10/2004	4,649,658.55		13
296000046	PW-8376	MF	New Orleans	LA	44,030.77	4,953.09	8.450%	N/A	07/01/2009	N	6,051,184.72	6,046,231.63	04/01/2006				13
296000029	ML-134	IN	Round Rock	TX	41,274.80	6,015.66	8.190%	N/A	09/01/2009	N	5,852,505.93	5,846,490.27	04/01/2006				
901000072	ORIX-3206	RT	Westminster	CO	41,339.58	5,220.58	8.150%	N/A	07/01/2009	N	5,890,460.04	5,885,239.46	04/01/2006				
901000059	ORIX-3115	OF	Laguna Hills	CA	39,781.08	5,628.36	7.940%	N/A	03/01/2009	N	5,818,309.56	5,812,681.20	04/01/2006				
190000248	PW-8410	RT	Laramie	WY	41,480.03	4,784.36	8.350%	N/A	09/01/2009	N	5,768,905.44	5,764,121.08	04/01/2006				
190000241	PW-7043	MF	St. Petersburg	FL	38,123.02	5,095.71	8.000%	N/A	07/01/2009	N	5,533,986.74	5,528,891.03	04/01/2006				

See footnotes on last page of this section.

Exhibit "D-29"

**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 06/15/2006  
Record date: 05/31/2006

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
190000250	PW-8202	0	05/01/2006	138,992.60	138,992.60	B	1	06/06/2005		17,281,818.72	12,999.93		
901000068	ORIX-2965	25	04/01/2004	69,482.42	1,907,884.45	9	7	01/30/2003		15,740,145.20	316,178.36		04/08/2005
296000044	PW-6132	51	02/01/2002	0.00	300,248.24	3	13	03/20/2001	08/02/2002	6,282,671.16	3,350,024.89	06/27/2005	
<b>Totals</b>	<b>3</b>			<b>208,475.02</b>	<b>2,347,125.29</b>					<b>39,304,635.08</b>	<b>3,679,203.18</b>		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	0.00	300,248.24		6,282,671.16	3,350,024.89
Total for Status Code = 9 (1 loan)	69,482.42	1,907,884.45		15,740,145.20	316,178.36
Total for Status Code = B (1 loan)	138,992.60	138,992.60		17,281,818.72	12,999.93

(1) Status of Mortgage Loan

A - Payment Not Received  
But Still in Grace Period  
B - Late Payment But Less  
Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment  
(Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return  
to Master Servicer  
10 - Deed In Lieu Of  
Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P &amp; I Advances include the current period advance.

Exhibit "D-30"

**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmb](http://www.ctslink.com/cmb)

**Payment Date:** 07/17/2006  
**Record date:** 06/30/2006

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
190000250	PW-8202	0	06/01/2006	138,992.60	138,992.60	B	1	06/06/2005		17,227,760.64	12,999.93		
901000068	ORIX-2965	26	04/01/2004	69,482.42	1,977,103.00	9	7	01/30/2003		15,740,145.20	300,568.14		04/08/2005
296000044	PW-6132	9	09/01/2005	0.00	0.00	3	13	03/20/2001		6,282,671.16	91,654.38	06/27/2005	
190000246	PW-5482	0	06/01/2006	26,282.61	26,282.61	A				2,950,348.07	0.00		
296000037	PW-7789	0	06/01/2006	22,913.63	22,913.63	B				2,875,441.55	0.00		
<b>Totals</b>	<b>5</b>			<b>257,671.26</b>	<b>2,165,291.84</b>					<b>45,076,366.62</b>	<b>405,222.45</b>		

Totals By Delinquency Code:

Total for Status Code = 3 (1 loan)	0.00	0.00		6,282,671.16	91,654.38
Total for Status Code = 9 (1 loan)	69,482.42	1,977,103.00		15,740,145.20	300,568.14
Total for Status Code = A (1 loan)	26,282.61	26,282.61		2,950,348.07	0.00
Total for Status Code = B (2 loans)	161,906.23	161,906.23		20,103,202.19	12,999.93

(1) Status of Mortgage Loan

A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

4 - Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

(2) Resolution Strategy Code

1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P &amp; I Advances include the current period advance.

Exhibit "D-31"



Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

Payment Date: 08/16/2006  
Record date: 07/31/2006

**Specialty Serviced Loan Detail - Part 2**

Loan Number	Offering Document Cross-Reference	Resolution Strategy Code (1)	Site Inspection Date	Phase 1 Date	Appraisal Date	Appraisal Value	Other REO Property Revenue	Comments from Special Servicer
296000033	ML-103	6			03/13/2003	9,500,000.00		Please refer to Delinquent Loan status report since comment are too lengthy to include.
296000010	ML-115	13			03/26/1999	8,900,000.00		Please refer to Delinquent Loan status report since comment are too lengthy to include.
296000044	PW-6132	13			04/24/2003	3,900,000.00		The Trust settled with the BK Trustee for release of most of the escrow funds. \$5.9MM came to the Trust in 3/06; the remaining \$1MM went to the BK Trustee for the estate. The BK stay has been lifted and the Trust & BK Trust counsel & BK Trustee counsel are currently working to get the BK Trustee added to plaintiff's in LA Court. Trustee are jointly pursuing the SBE litigation in LA. Trust was successful in its Motion to Remand the SBE litigation back to LA state court. The Rafizadehs filed a motion to reconsider, which was denied.

See footnotes on last page of this section.

Exhibit "D-32"



**WELLS  
FARGO**

Wells Fargo Bank, N.A.  
Corporate Trust Services  
9062 Old Annapolis Road  
Columbia, MD 21045-1951

**Merrill Lynch Credit Corp**  
**Mortgage Pass-Through Certificates**  
**Series 1999-C1**

For Additional Information, please contact  
CTSLink Customer Service  
(301) 815-6600  
Reports Available on the World Wide Web  
@ [www.ctslink.com/cmbs](http://www.ctslink.com/cmbs)

**Payment Date:** 01/17/2007  
**Record date:** 12/29/2006

**Delinquency Loan Detail**

Loan Number	Offering Document Cross-Reference	# of Months Delinq.	Paid Through Date	Current P & I Advances	Outstanding P & I Advances **	Status of Mortgage Loan (1)	Resolution Strategy Code (2)	Servicing Transfer Date	Foreclosure Date	Actual Principal Balance	Outstanding Servicing Advances	Bankruptcy Date	REO Date
901000068	ORIX-2965	31	05/01/2004	74,987.65	2,419,972.78	9	7	01/30/2003		15,723,150.72	32,013.53		04/08/2005
296000044	PW-6132	15	09/01/2005	0.00	0.00	3	13	03/20/2001		6,282,671.16	872,751.24	06/27/2005	
296000046	PW-6376	0	12/01/2006	48,983.86	48,983.86	B	9	10/10/2005		5,999,482.36	3,140.00		
190000248	PW-6410	0	12/01/2006	46,264.39	46,264.39	B				5,719,120.12	36.24		
190000246	PW-6482	0	12/01/2006	26,282.61	26,282.61	A				2,919,585.72	0.00		
<b>Totals</b>	<b>5</b>			<b>196,518.51</b>	<b>2,541,503.64</b>					<b>36,644,010.08</b>	<b>907,941.01</b>		

**Totals By Delinquency Code:**

Total for Status Code = 3 (1 loan)	0.00	0.00		6,282,671.16	872,751.24	
Total for Status Code = 9 (1 loan)	74,987.65	2,419,972.78		15,723,150.72	32,013.53	
Total for Status Code = A (1 loan)	26,282.61	26,282.61		2,919,585.72	0.00	
Total for Status Code = B (2 loans)	95,248.25	95,248.25		11,718,602.48	3,176.24	

**(1) Status of Mortgage Loan**

- A - Payment Not Received But Still in Grace Period  
B - Late Payment But Less Than 1 Month Delinquent  
0 - Current  
1 - One Month Delinquent  
2 - Two Months Delinquent  
3 - Three or More Months Delinquent

- 4 - Assumed Scheduled Payment (Performing Matured Balloon)  
7 - Foreclosure  
9 - REO

**(2) Resolution Strategy Code**

- 1 - Modification  
2 - Foreclosure  
3 - Bankruptcy  
4 - Extension  
5 - Note Sale  
6 - DPO  
7 - REO  
8 - Resolved  
9 - Pending Return to Master Servicer  
10 - Deed In Lieu Of Foreclosure  
11 - Full Payoff  
12 - Reps and Warranties  
13 - Other or TBD

\*\* Outstanding P & I Advances include the current period advance.

Exhibit "D-33"



AFFIDAVIT OF JAMES D. KEPLEY, JR.

Before me, the undersigned authority, duly commissioned and qualified in and for the County and State aforesaid, personally came and appeared James D. Kepley, Jr., who, after being duly sworn, did depose and state as follows:

My name is James D. Kepley, Jr., and I am a principal in the law firm of Kepley Brosious, PLC in Richmond, Virginia. I am over the age of 21, of sound mind, capable of making this affidavit, and fully competent to testify to the matters stated herein. I have never been convicted of a felony or any crime of moral turpitude. The facts and statements made herein are true and correct and are based upon information and belief.

I have attached my resume as Exhibit 1. In my 17 years of practicing law, the primary focus of my practice has been representing creditors in problem loan situations, and I have extensive experience in commercial foreclosures. I or my law firm has served as trustee in approximately 80 commercial foreclosure sales, and I have served as lender's counsel in many other foreclosure situations. I represented Wells Fargo in the receivership proceedings and in discussions with Mr. Cimerring's counsel with respect to Mr. Cimerring's obligations under his Guaranty. I therefore have personal knowledge of the factual matters discussed in this affidavit. I also am familiar with the Lee Hall Loan, the Loan Documents, and the defaults under the Lee Hall Loan, and I have reviewed the pleadings, motions, discovery exhibits and other documents relating to action in which Wells Fargo's obtained judgment against Mr. Cimerring.

I. THE RECEIVERSHIP

A. Introduction

1.1.1 Mr. Cimerring asserts in his Affidavit that the judgment against him is not valid because he was not given the opportunity to "relate, respond or object to the receivership proceedings" with respect to the four apartment complexes owned by Lee Hall.

1.1.2 Mr. Cimerring's assertions are without legal or factual merit because (a) Mr. Cimerring was notified of the receivership proceedings and requested and received information about the proceedings (even though Mr. Cimerring was not entitled under the statute to formal notice of the proceedings because he was not the record title owner of the properties and had no lien against the properties), (b) Mr. Cimerring was afforded an opportunity to participate in and object to the proceedings, but chose not to do so, and (c) Mr. Cimerring could have, but did not, assert any complaint about the manner in which the Receiver discharged his duties under the Decree appointing the Receiver.

1.1.3 I have reviewed the pleadings filed in the receivership suit, the exhibits to such pleadings, the decrees entered by the trial court, and the applicable statutes of the Commonwealth of Virginia, and I have concluded that Mr. Cimerring's assertions are without merit.

**B. Application for Appointment of Special Receiver**

1.2.1. At the time the receivership suit was filed in May 2001, Lee Hall was in serious default under the Lee Hall Loan, had failed to make payments of over \$500,000 and had written bad checks to Wells Fargo of almost \$300,000. Lee Hall had owned the properties for about three years, and several of the properties had fallen into disrepair. For example, several buildings at the Lee Hall Apartments had been condemned by the local building inspector and crime was rampant. Bills were not paid, and creditors of Lee Hall were filing liens against the properties. Rents were being collected from the tenants, but not being held in trust for payment to Wells Fargo in violation of the Loan Documents.

1.2.2. To prevent further conversion of the rents, Wells Fargo filed an action seeking the appointment of a Special Receiver to manage the properties *under the Court's supervision* until the properties could be sold in foreclosure. The appointment of a special receiver was authorized under the laws of the Commonwealth of Virginia pursuant to Virginia Code Section 8.01-591, et seq. A copy of the Receivership statute is attached hereto as Exhibit 2.

1.2.3. In addition, the appointment of a receiver is authorized by the express provisions of the Loan Documents relating to the Lee Hall Loan to which Mr. Cimerring was bound under his Guaranty. In these Loan Documents, Lee Hall consented to the appointment of a Special Receiver for the properties whenever the loan went into default. *See Deeds of Trust* ¶ 26(vii).

1.2.4. Wells Fargo filed its Application for Appointment of Special Receiver in the Circuit Court in Newport News, Virginia, on May 2, 2001. A copy of the Application of the Appointment of Receiver is attached hereto as Exhibit 3. This was a separate and independent action from the action filed against Cimerring in the Petersburg Circuit Court in which judgment was entered against him. It was in a different court, in a different city and before a different judge.

**C. Mr. Cimerring Received Notice of Receivership Proceedings**

1.3.1. Notice of the Application for Appointment of Receiver was provided to the record title owners of the properties and to parties who held a lien against any of the properties as required by Virginia Code Section 8.01-591. Mr. Cimerring was not a record title owner of any of the properties nor did he hold a lien against any of the properties, and the governing statute does not require that notice be provided to guarantors. Nevertheless, a copy of the Application for Appointment of Special Receiver was sent to the address identified in the Guaranty for both Mr. Nizan and Mr. Cimerring.

1.3.2. Even if the Receivership statute required formal notice to guarantors, which it does not, Mr. Cimerring expressly waived any such rights to notice in the Guaranty itself. Guaranty ¶ 1.7. Waivers of this type are valid and enforceable in Virginia. *See Chrysler Credit Corporation v. Curley*, 753 F. Supp. 611 (E.D.Va.1990) (in context of enforcement of guaranty of debt controlled by more stringent Uniform Commercial Code). A copy of *Chrysler Credit Corporation v. Curley* is attached hereto as Exhibit 4.

1.3.3. Nevertheless, even though Mr. Cimerring was not entitled under the statute or his Guaranty to notice of the Receivership proceedings, he actually was notified of such proceedings and chose not to participate in or object to them.

1.3.4. At the time of these Receivership proceedings, I was engaged in communications with Mr. Cimerring's counsel, Stanley Sacks, Esq., with respect to the Lee Hall Loan and Mr. Cimerring's obligations under his Guaranty. Contrary to Mr. Cimerring's claim that he was unaware of the Receivership proceedings, I had several discussions and communications with Mr. Sacks regarding the Receivership proceedings and provided him information and copies of documents he requested relating to such proceedings.

1.3.5. Prior to the appointment of the special receiver, Mr. Sacks knew about the hearing on Wells Fargo's Application for Appointment of Special Receiver scheduled for April 3, 2001, and he (or his assistant) called me the very next day asking about what had transpired at the hearing and what action the Court had taken. A copy of my April 4, 2001, notes of Mr. Sacks' inquiry about the outcome of the hearing is attached hereto as Exhibit 5. I willingly provided Mr. Sacks any information he requested regarding the Receivership proceedings.

1.3.6. On April 4, 2001, I sent to Mr. Sacks a copy of the Decree entered by the Court on April 3, 2001. A copy of my April 4, 2001, facsimile to Mr. Sacks transmitting the Decree entered on April 3, 2001, is attached hereto as Exhibit 6. The Decree stated as follows:

- (a) "The appointment of a special receiver is necessary to preserve the rents and other income generated by the Properties";
- (b) "The purpose of this Decree is to maintain the status quo with respect to the rents and the Properties"; and
- (c) "The Receiver shall keep an accurate and particular account of all Rents received, and the Receiver shall be prepared to report to the Court with respect to receipts at such times as the Court may direct by further order of this Court."

A copy of the Decree entered on April 3, 2001, is attached hereto as Exhibit 7, and a copy of the Decree entered on April 19, 2001, is attached hereto as Exhibit 8.

**D. Mr. Cimerring Did Not Participate in or Object to Receivership**

1.4.1. The initial Decree entered by the Court appointed a temporary receiver for a period of thirty days, which afforded all interested parties an opportunity to object to such appointment. Mr. Sacks was aware of this opportunity to make an appearance and participate in the continuing Receivership proceedings and to assert any objection Mr. Cimerring might have to the appointment of the Receiver. He did not do so.

1.4.2. The Receivership statute provides a remedy for a party who believes the receiver engaged in any improper act or transaction, and the Receiver was directed to and did post a bond in the amount of \$1,000,000 to protect against damages and injury arising from the appointment of the Receiver. Mr. Cimerring did not assert any claim under the Receivership statute or a claim against the bond posted by the Receiver. His attempt to assert such claim now in the context of the judgment rendered against him in a different court is not permitted.

**E. The Receiver's Role and Responsibilities**

1.5.1. Contrary to Mr. Cimerring's suggestion, the Court – not Wells Fargo – appointed the Receiver, and the Receiver conducted his responsibilities under the authority and supervision of the Court.

1.5.2. The Receiver's powers were specifically set forth and limited by the Court's Decree. The Receiver was charged with the responsibility of collecting the rents, leasing the apartments, and paying the expenses needed to operate the Properties until they could be sold at foreclosure.

1.5.3. The Receiver retained the services of a nationally recognized professional management company to handle the day to day operations of the Properties. I had the opportunity to observe the manner in which the Receiver and the management company exercised their responsibilities, and there is no doubt that they did so with the highest degree of professionalism and competence.

1.5.4. The Receiver was required to and did file monthly reports regarding his operation of the properties, and he was required to and did file a final accounting with the Commissioner of Accounts, an independent judicial officer who analyzes and accepts or rejects such accountings. The Commissioner of Accounts reviewed and approved the Receiver's final accounting. Only after approval of the final accounting and upon the dismissal of the receivership suit was the bond released.

1.5.5. The Receiver managed the Properties to maintain the status quo for approximately five or six months from April 2001 until the Properties were sold in foreclosure in October and November 2001. During that time, the management and condition of the Properties was greatly improved from when the Properties were under the management of Mr. Nizan.

## II. FORECLOSURE

### A. Introduction

2.1.1. Mr. Cimerring asserts in his affidavit that the Properties that secured the Lee Hall Loan were sold "in a suspicious and absurd legal proceeding," and that the Properties were sold for less than their actual value.

2.1.2. Mr. Cimerring's claim demonstrates that he does not understand the strict statutory procedures that are required, and were followed, under Virginia law to sell property at a foreclosure sale. Mr. Cimerring's claim is wholly without factual or legal merit because:

- (a) An independent trustee with no interest in the Properties was appointed to handle the foreclosure sales;
- (b) The independent trustee owed fiduciary duties to *both* the maker of the Loan (Lee Hall) and to the holder of the Loan (Wells Fargo), and he satisfied those fiduciary duties by securing the best prices in the sale of the Properties;
- (c) Wells Fargo had the same interest (and even more so) as Mr. Cimerring in securing the highest price in the sale of the Properties;
- (d) The independent trustee properly advertised the foreclosure sales in accordance with the applicable deeds of trust and the governing foreclosure statutes;
- (e) The independent trustee provided notices to Mr. Cimerring and Mr. Nizan over and above the notice requirements of the foreclosure statute; and
- (f) Wells Fargo resold the Properties it purchased at foreclosure (because there were no higher bidders) for more than \$2.4 million less than it paid for such properties.

2.1.3. I have reviewed the underlying loan documents, documents relating to the foreclosure sales, and applicable provisions of the Virginia Code; and I have concluded that Mr. Cimerring's complaints are wholly without merit.

### B. The Deed of Trust and Foreclosure Sales in Virginia

2.2.1. In the Commonwealth of Virginia, a lien on real estate is accomplished by a "Deed of Trust," which is a variation of the more commonly known "mortgage" used in other states.

2.2.2. Under a Deed of Trust, the owner of real estate who wishes to pledge his property to secure a loan conveys legal title, in trust, to an independent trustee as security for the loan. That is what Lee Hall did in this case. In the event of a default on the loan, the independent trustee is authorized to sell the property which he holds in trust.

2.2.3. It is important to note that the trustee is independent of the lender, has no interest in the property except as trustee, and owes his fiduciary duties to *both* the lender and the borrower. The interests of the lender and the borrower are the same in a foreclosure sale, and that is to get the most out of the sale to reduce the amount due on the loan.

2.2.4. A foreclosure sale is a public auction where the highest bidder purchases the property. To protect the common interest of the lender and the owner, the independent trustee is required by law to conduct the foreclosure sale in strict accordance with the terms of the deed of trust and the applicable provisions of the Virginia Code. The powers and duties of the independent trustee are governed by the deed of trust and Sections 55-59.1 through 55-59.4 of the Virginia Code (which provisions control in the absence of corresponding provisions in the deed of trust), a copy of which is attached hereto as Exhibit 9.

2.2.5. Before a foreclosure sale in Virginia may occur, prior written notice of the sale must be provided by certified mail, return receipt requested, to the following parties at least 14 days' prior to the sale:

- (a) The owner of the property at the last known address for such owner in the records of the noteholder;
- (b) If different from the owner, the maker of the note at the last known address for such maker;
- (c) Any subordinate consensual lien holder secured by a deed of trust recorded at least 30 days prior to the foreclosure sale (and whose address is set forth in such deed of trust); and
- (d) Any assignee of any party who qualifies under section (c) above.

See Virginia Code § 55-59.1 (Exhibit 9).

2.2.6. Also before a foreclosure sale may occur in Virginia, the independent trustee must advertise the sale in a newspaper of general circulation in the jurisdiction where the property is located in accordance with the deed of trust or, if the deed of trust is silent as to the number of publications, in accordance with the Virginia Code. See Virginia Code §§ 55-59.2, 55-59.3, 55-62 and 55-63, a copy of which is attached hereto as Exhibit 10.

2.2.7. As mentioned above, the independent trustee owes fiduciary duties to both the lender and the owner of the property. As a fiduciary, he is required to submit an account of the foreclosure sale to the Commissioner of Accounts, an independent judicial officer appointed by the Court. The Commissioner of Accounts then reviews and analyzes the foreclosure sale accounting and makes a determination to either accept or reject such accounting.



C. Notices and Advertisement of Foreclosure Sale of Lee Hall Properties

2.3.1. In this instance, Lee Hall owned the following four separate properties in four different cities or counties in Virginia, all of which were pledged to secure the debt to Wells Fargo):

- (a) The "Colonial Heights Apartments" in Colonial Heights, Virginia;
- (b) The "River Drive Apartments" in Newport News, Virginia;
- (c) The "Lee Hall Apartments" in Petersburg, Virginia; and
- (d) The "Norport Apartments" in Portsmouth, Virginia.

2.3.2. Sam Beale, Esq., an attorney in Richmond, Virginia, who specializes in conducting foreclosure sales, was appointed as the independent trustee under each of the four deeds of trust on the properties securing the Lee Hall Loan. Mr. Beale scheduled four separate foreclosure sales to occur on October 25, 2001.

2.3.3. On September 28, 2001, twenty-seven days before the sales, Mr. Beale transmitted written notice of the foreclosure sale to Lee Hall, the maker of the Lee Hall Loan and to Wee Talk, an entity created by Mr. Nizan to which the properties were transferred. A copy of the Notices of Foreclosure for the Colonial Heights Apartments, the River Drive Apartments, the Lee Hall Apartments, and the Norport Apartments, are attached hereto as Exhibits 11-14, respectively.

2.3.4. Mr. Cimerring claims he did not receive notice of the foreclosure sales, which simply is not true. The foreclosure statute does not require that notices of foreclosure sales be sent to guarantors of loan secured by deeds of trust, and the Guaranty signed by Mr. Cimerring expressly waives any right to such notice. See Guaranty ¶ 1.7. A trustee under a deed of trust owes no fiduciary duty to a guarantor that would require him to provide such notice. See *Warner v. Clementson*, 254 Va. 256, 492 S.E.2d 655 (1997), a copy of which is attached hereto as Exhibit 15. Nevertheless, the independent trustee did send notices of the foreclosure sales to Mr. Cimerring by certified mail, return receipt requested, to his address in Pennsylvania. A copy of the U.S. Post Office Return Receipt confirming delivery of one or more of the Notices of Foreclosure to Mr. Cimerring is attached hereto as Exhibit 16.

2.3.5. In accordance with the requirements of Virginia law, Mr. Beale also advertised each foreclosure sale in the appropriate newspapers in each jurisdiction. Copies of the foreclosure advertisements for the Colonial Heights Apartments, the River Drive Apartments, the Lee Hall Apartments, and the Norport Apartments are included in the Notices of Foreclosure attached hereto as Exhibits 11-14, respectively.

**D. Foreclosure Sales of the Lee Hall Properties**

2.4.1. Mr. Beale conducted the foreclosure sales on October 25, 2001, in accordance with Virginia law. To secure the best price for the properties being sold, any party, including the lender, is permitted to participate in the bidding on the properties.

2.4.2. Prior to the foreclosure sales, the Special Servicer for the Trust afforded Lee Hall an opportunity to sell the properties on its own, but Lee Hall was unsuccessful in its efforts to do so.

2.4.3. At the conclusion of the foreclosure sales, the independent trustee had sold the properties for a total of \$13,792,000. A third party purchaser was the highest bidder on the River Drive Apartments for \$2,275,000, and Wells Fargo was the highest bidder on the other three apartments for \$11,517,000.

2.4.4. Mr. Cimerring suggests that Wells Fargo paid too little for the properties, and then resold them for a profit. He is simply wrong. Wells Fargo paid \$11,517,000 for the three properties at the foreclosure sales, but it was only able to resell them for \$9,075,000, representing a *loss of over \$2.4 million*. Thus, but for Wells Fargo's purchase of the three properties at the foreclosure sales, Mr. Cimerring's obligation on the Lee Hall Loan would have been *\$2.4 more* than the amount of the judgment entered against him.

2.4.5. Wells Fargo resold the properties after significant investment needed to address the problems created during Mr. Nizan's and Mr. Cimerring's management, and marketed the properties through a national commercial real estate firm. This fact itself demonstrates that the properties were sold at foreclosure for *substantially more* than their fair market value.

2.4.6. Mr. Cimerring complains that the independent trustee should have recovered more than \$13,792,000 for the four properties because the assessed value of those properties was \$16,375,000. Actually, a recovery in a foreclosure sale of 84 percent of assessed value is typical in such sales, and in fact would be considered a successful recovery. The Virginia Supreme Court long ago recognized that a foreclosure sale is a forced sale of property at a public auction that rarely brings the equivalent of a fair market value resulting from negotiations between a seller who is not compelled to sell and a buyer who is not compelled to buy. *Perdue v. Davis*, 176 Va. 102, 106, 10 S.E.2d 558, 560 (1940), a copy of which is attached hereto as Exhibit 17.

2.4.7. Mr. Cimerring also suggests the foreclosure sales should have resulted in sales nearer to the \$25 million appraisal on the properties in 1999 when the Lee Hall Loan was made. Indeed, if Mr. Cimerring and Mr. Nizan had taken care of the properties, it could be that the foreclosure sales may have satisfied the obligations under the Lee Hall Loan, and Wells Fargo would not have sustained the losses it sustained.



E. Approval of Foreclosure Sales by Commissioner of Accounts

2.5.1. After the foreclosure sales, Mr. Beale submitted his accounts to the Commissioners of Accounts for the jurisdictions in which the properties were located. All of the accounts were approved by the Commissioners of Accounts with without objection or qualification.

III. MR. CIMERRING'S CLAIM HE IS NOT A GUARANTOR

A. Mr. Cimerring Did Not Dispute He Was a Guarantor

3.1.1. I understand that Mr. Cimerring claims that he was not a Guarantor of the Lee Hall Loan and did not sign the Guaranty. This is inconsistent with discussions I and representatives of the Special Servicer for the Trust had with Mr. Cimerring's counsel, Mr. Sacks.

3.1.2. As mentioned above, I and representatives of the Special Servicer for the Trust engaged in discussions and other communications with Mr. Cimerring's counsel, Mr. Sacks, with respect to the status of the Lee Hall Loan. Mr. Sacks initiated these discussions and communications. He requested a meeting in his office, which Mr. Cimerring and representatives of the Special Servicer for the Trust attended in person and I attended by telephone. In particular, Mr. Cimerring wanted to know about the status of the loan and the then existing defaults, and he wished to voice his concerns about Mr. Nizan. Mr. Cimerring indicated that he wished to take back control over one of the four Lee Hall properties.

3.1.3. At this meeting, we informed Mr. Cimerring that he was fully liable under his Guaranty for the entire amount due on the Lee Hall Loan. At no time during our meeting did either Mr. Sacks or Mr. Cimerring take the position or even suggest that Mr. Cimerring had not guaranteed the Lee Hall Loan or had not signed the Guaranty. The entire purpose of the meeting was to address the defaults on the Lee Hall Loan, and there would have been no reason for Mr. Cimerring to have even requested the meeting if he were not liable under the Guaranty on the Lee Hall Loan.

3.1.4. In late March 2001, Mr. Sacks asked that I send him a copy of the Guaranty signed by Mr. Cimerring, which I did on April 5, 2001. A copy of my letter to Mr. Sacks transmitting a copy of Mr. Cimerring's Guaranty is attached hereto as Exhibit 18. I attempted to send the Guaranty on March 29, 2001, but Mr. Sacks' facsimile apparently was not operational. A copy of my March 29, 2001, email to Mr. Sacks regarding my attempt to send the Guaranty is attached hereto as Exhibit 19.

3.1.5. In my letter transmitting the Guaranty, I asked Mr. Sacks to call me if he had any questions about the Guaranty. He never did so. At no time did Mr. Cimerring or Mr. Sacks ever even suggest to me that Mr. Cimerring was not a guarantor of the Lee Hall Loan or that he did not sign the Guaranty.

B. Mr. Cimerring Was a "Key Principal" and "Guarantor"

3.2.1. Mr. Cimerring claims in his Affidavit that he was not a principal of Lee Hall and that he was not supposed to be a Guarantor. The exhibits obtained in discovery during the trial court proceedings, however, demonstrate that Mr. Cimerring was identified in the underwriting, application and other loan documents as a "*Key Principal*" of Lee Hall and a "*Guarantor*" of the Lee Hall Loan.

3.2.1.1. The Discovery Exhibits referred to herein are contained in the two volume set of binders containing Discovery Exhibits 1-118.

3.2.1.2. A copy of the chronological index of the Discovery Exhibits is attached hereto as Exhibit 20.

3.2.1.3. A copy of the topical index of the Discovery Exhibits is attached hereto as Exhibit 21.

3.2.2. The Exhibits obtained in discovery during the trial court proceedings identify Mr. Cimerring as the "*Borrower*," a "*Key Principal*" and "*Guarantor*" on the Lee Hall Loan.

3.2.2.1. The Mortgage Loan Application for the Lee Hall Loan, dated March 5, 1999, identifies "*Avram Cimerring*" as the "*Borrower*." The Mortgage Loan Application was addressed to "*Avram Cimerring*" only. See Discovery Exhibit No. 10.

3.2.2.2. Wexford's Commitment Letter for the Lee Hall Loan dated June 9, 1999, identifies "*Avram Cimerring*" as a "*Key Principal*" of Lee Hall who was required to provide a "*Guaranty of Recourse Obligations*" with respect to the Lee Hall Loan. See Discovery Exhibit No. 21.

3.2.2.3. On July 21, 1999, the day of the funding of the Lee Hall Loan, Mr. Cimerring's own attorney in Virginia, who was retained to represent the borrowers and principals in the transaction, confirmed in a letter to Wexford that "*Avram Cimerring*" was one of the two "*Principals*" of Lee Hall. See Discovery Exhibit No. 48.

3.2.2.4. Also on July 21, 1999, Mr. Cimerring's own attorney in New York, who also was retained to represent the borrowers and principals in the transaction, confirmed in a letter to Wexford - "*in satisfaction of the requirements of the loan commitment*" - that "*Avram Cimerring*" was one of the two "*Principals*" of Lee Hall. See Discovery Exhibit No. 53.

3.2.2.5. The "Final Loan Summary" from Paine Webber, the entity that provided the funding for the Lee Hall Loan, identified "*Avram Cimerring*" as one of the

two "*Borrower-Principals*" and one of the two "*Guarantor(s)*" on the Lee Hall Loan. See Discovery Exhibit No. 83.

3.2.3. The Exhibits obtained in discovery during the trial court proceedings reflect that the Lee Hall Loan was being made for Mr. Cimerring.

3.2.3.1. Wexford's communications with Amnon Cohen, the agent for Lee Hall, describe the Lee Hall Loan as the "*Avram Portfolio*." See Discovery Exhibit Nos. 23, 24, 30, 31, 32, 33, 36, 41, 42 and 43.

3.2.3.2. Wexford's transmittal of the Settlement Statement reflecting the funding of the Loan on July 21, 1999, identifies the Lee Hall Loan as the "*Avram Portfolio*." See Discovery Exhibit No. 50.

3.2.3.3. Wexford's communications with Paine Webber, the entity that funded the Loan, describe the Lee Hall Loan variously as "*Avram*," the "*Avram Portfolio*" or the four "*Avram*" properties in Virginia. See Discovery Exhibit Nos. 28, 38, 44, 45, 46, 47 and 52.

3.2.4. The Exhibits obtained in discovery during the trial court proceedings identify Mr. Cimerring as the party who engaged in the negotiations with Wexford to secure the Lee Hall Loan.

3.2.4.1. Wexford's Mortgage Information Printout identifies "*Avram Cimerring*" as the contact for Lee Hall with respect to the Lee Hall Loan. See Discovery Exhibit No. 4.

3.2.4.2. The memorandum from Wexford's Michael Lucash to "*Avram Cimerring*" reflects that Wexford negotiated with Mr. Cimerring with respect to Mr. Cimerring's request to modify the late fees due on the Lee Hall Loan. See Discovery Exhibit No. 22.

3.2.4.3. Wexford's communication regarding the modification of the Loan Commitment Letter for the Lee Hall Loan was directed to "*Avram*." See Discovery Exhibit No. 25.

3.2.4.4. Wexford's communication regarding the escrow funds for the Lee Hall Loan was directed to "*Avram*." See Discovery Exhibit No. 51.

3.2.5. The Exhibits obtained in discovery during the trial court proceedings reflect Wexford's continued communications directly with Mr. Cimerring following the closing on the Lee Hall Loan and with respect to the first payment default under the loan.

3.2.5.1. Wexford directed its Mortgage Statements to "*Avram Cimerring*." See Discovery Exhibit Nos. 79 and 84.

3.2.5.2. Wexford directed its communications regarding the amounts due on the Lee Hall Loan to "*Avram*." See Discovery Exhibit No. 81.

3.2.5.3. The check for the first payment on the Lee Hall Loan – *which was returned for insufficient funds* – was signed by Mr. Cimerring. See Discovery Exhibit No. 82.

3.2.5.4. When Lee Hall defaulted on the first payment due on the Lee Hall Loan, Wexford sent the notice of default to "*Avram Cimerring*" and addressed the letter to "*Mr. Cimerring*." See Discovery Exhibit No. 78.

3.2.5.5. Mr. Cimerring was the one who responded to Wexford's demand regarding the first payment default on the Lee Hall Loan. See Discovery Exhibit No. 88.

3.2.5.6. Mr. Cimerring was the one who assured Wexford that the first payment default on the Lee Hall Loan would be cured. See Discovery Exhibit No. 89.

3.2.5.7. Mr. Cimerring was the one who corresponded with Wexford with respect to the dispute relating to the reserves required for the Lee Hall Loan. See Discovery Exhibit Nos. 86 and 90.

**C. The Evidence that Mr. Cimerring Signed the Guaranty**

3.3.1. The Exhibits obtained in discovery during the trial court proceedings reflect that the Loan Documents – including the Guaranty – were executed in a "dry closing" on July 5 or 6, 1999, and that the executed signature pages were transmitted to Mr. Cimerring's Virginia counsel on July 7, 1999.

3.3.1.1. On July 2, 1999, Thacher Proffitt & Wood, the attorneys for Paine Webber, transmitted the signature pages for the Loan Documents – *including the signature pages for the Guaranty* – to Amnon Cohen, the agent and broker for Lee Hall. This letter instructs Mr. Cohen to have the parties execute the documents, "*but do not date them*." See Discovery Exhibit No. 34.

3.3.1.2. The drafting date reflected on the bottom of the Guaranty executed by Mr. Cimerring is July 1, 1999. See Discovery Exhibit No. 58.

3.3.1.3. On July 8, 1999, Thacher Proffitt & Wood transmitted the *executed* signature pages for the Loan Documents – *including the executed signature page for the Guaranty* – to the law firm in Virginia that represented Mr. Cimerring, Mr. Nizan and Lee Hall. See Discovery Exhibit No. 40.

3.3.1.4. On July 7, 1999, Thacher Proffitt & Wood sent another letter to Amnon Cohen transmitting additional signature pages, stating that "these documents are being sent to you as an accommodation only and that the *closing and*

*funding of the loan is subject to, among other things, the satisfaction of all of the requirements set forth in the commitment letter issued by [Wexford]."* See Discovery Exhibit No. 37. As stated above, Wexford's Commitment Letter of June 9, 1999, required "Avram Cimerring" as a "key principal" to provide a "guaranty of recourse obligations." See Discovery Exhibit No. 21.

3.3.2. The testimony of the witnesses who participated in the "dry closing" on the Lee Hall Loan was that Mr. Cimerring joined Mr. Nizan and Amnon Cohen on July 5, 1999, and together the parties executed all of the Loan Documents.

3.3.2.1. Mr. Nizan testified that he and Mr. Cimerring reviewed the loan documents and signed them together. See Nizan Deposition (March 7, 2002) Tr. 102. The relevant excerpt of the Nizan Deposition Transcript is attached hereto as Exhibit 22.

3.3.2.2. Amnon Cohen testified that Cimerring and Nizan met together in his office on July 5 for at least an hour to sign the loan documents. Cohen Deposition (April 17, 2002) Tr. 209. The relevant excerpt of the Amnon Cohen Deposition Transcript is attached hereto as Exhibit 23.

3.3.3. The Exhibits obtained in discovery during the trial court proceedings reflect that Mr. Cimerring signed the following Loan Documents:

3.3.3.1. Guaranty of Recourse Obligations. See Discovery Exhibit No. 58.

3.3.3.2. Certificates Regarding Standard Form Lease relating to the Portsmouth, Newport News, Petersburg and Colonial Heights properties. See Discovery Exhibit Nos. 13, 14, 15, 16.

3.3.3.3. Certificates Regarding Third Party Service Contracts relating to the properties. See Discovery Exhibit Nos. 17 and 18.

3.3.3.4. Certificate of Members (Borrowing Resolution) for Lee Hall. See Discovery Exhibit No. 35.

3.3.3.5. Completion Repair and Security Agreement. See Discovery Exhibit No. 60.

3.3.3.6. UCC-1 Financing Statements. See Discovery Exhibit No. 61.

3.3.3.7. Assignment of Agreements, Permits and Contracts. See Discovery Exhibit No. 62.

3.3.3.8. Environmental Indemnity Agreement. See Discovery Exhibit No. 63.

3.3.3.9. Operations and Management Agreement. See Discovery Exhibit No. 64.

3.3.3.10. Certificate of No Adverse Change and Financial Statement. *See* Discovery Exhibit No. 65.

3.3.3.11. Operating Statement Certification. *See* Discovery Exhibit No. 66.

3.3.3.12. Operating Agreement Certification. *See* Discovery Exhibit No. 67.

3.3.3.13. Certificate Regarding Licenses, Permits, Consents and Approvals. *See* Discovery Exhibit No. 68.

3.3.3.14. Rent Roll Certification. *See* Discovery Exhibit No. 69.

3.3.3.15. Form of Lease Certification. *See* Discovery Exhibit No. 70.

3.3.3.16. Certificate Regarding Third Party Agreements. *See* Discovery Exhibit No. 71.

3.3.3.17. Certificate of Borrower. *See* Discovery Exhibit No. 72.

3.3.3.18. Conditional Assignment of Management Agreement. *See* Discovery Exhibit No. 75.

3.3.4. The Exhibits obtained in discovery during the trial court proceedings include the following notarized documents.

3.3.4.1. Assignment of Management Agreement. *See* Discovery Exhibit No. 37.

3.3.4.2. Assignments of Leases and Rents for Colonial Heights. *See* Discovery Exhibit No. 54.

3.3.4.3. Assignments of Leases and Rents for Newport News. *See* Discovery Exhibit No. 55.

3.3.4.4. Assignments of Leases and Rents for Petersburg. *See* Discovery Exhibit No. 56.

3.3.4.5. Assignments of Leases and Rents for Portsmouth. *See* Discovery Exhibit No. 57.

**D. Alleged Forgery of Financial Statement**

3.4.1. Mr. Cimerring states in his Affidavit that Amnon Cohen testified under oath that he forged Mr. Cimerrings's signature on a "Personal Financial Statement" and "List of Properties Owned," copies of which Mr. Cimerring attached to his affidavit as Exhibit O. A copy of the

Personal Financial Statement and List of Properties that Mr. Cimerring claims were forged by Amnon Cohen is attached hereto as Exhibit 24.

3.4.2. In the transcript excerpt attached to Mr. Cimerring's Affidavit, however, Amnon Cohen testified, "I did not sign that. This is his signature." A copy of the transcript excerpt attached to Mr. Cimerring's affidavit is attached hereto as Exhibit 25.

3.4.3. More importantly, however, in response to a discovery request for his financial records, Mr. Cimerring produced the identical "Personal Financial Statement" and "List of Properties" that he now claims were forged. These same documents were marked by Mr. Cimerring's own counsel as "C0350" and "C351" prior to their production in the litigation, and a copy is attached hereto as Exhibit 26.

#### E. Notary Not Required on Guaranty

3.5.1. Mr. Cimerring claims that the Guaranty he signed should have been notarized to be effective. There is no such requirement under Virginia law, which is the law that governs the Lee Hall Loan. Virginia Code Section 11-2 governs the writing requirements for a contract "to charge any person upon a promise to answer for the debt, default or misdoings of another." A copy of Virginia Codes Section 11-2 is attached hereto as Exhibit 27.

3.5.2. In the typical commercial real estate loan transaction, the only documents that are notarized are those that will be recorded in the public records. Such documents include Deeds of Trust (a form of mortgage) and certain assignments.

3.5.3. The Deeds of Trust and the Assignments of Leases and Rents with respect to the four properties securing the Lee Hall Loan were notarized. See Deeds of Trust and Assignments attached as Exhibits B through I to Motion for Judgment.

#### F. Evidence that Mr. Cimerring Misrepresented Ownership Interest in Lee Hall

3.6.1. The Exhibits obtained in discovery during the trial court proceedings reflect demonstrate that, although Mr. Cimerring was a "Key Principal" of Lee Hall, Wexford's underwriting documents incorrectly report Mr. Cimerring as holding only a 15 percent interest in Lee Hall, thus avoiding the requirement of a credit background check for principals who owned more than a twenty percent interest in the borrowing entity.

3.6.1.1. Mr. Cimerring acknowledged in his Affidavit of Evidence in Chief that he engaged in a business venture with Mr. Nizan for the purchase of the properties that are the subject of the Lee Hall Loan. Cimerring Affidavit of Evidence in Chief ¶ 3.1.

3.6.1.2. Mr. Cimerring's financial statement reflects that he holds a fifty percent interest in all of his other real estate investments. See Discovery Exhibit Nos. 5 and 7.



3.6.1.3. Wexford's loan underwriting records incorrectly reflect that Mr. Cimerring held a 15 percent interest in Lee Hall and Mr. Nizan held an 85 percent interest. *See* Discovery Exhibit No. 2.

3.6.1.4. Wexford's Loan Presentation incorrectly reflects that Mr. Cimerring held a 15 percent interest in Lee Hall and Mr. Nizan held an 85 percent interest. *See* Discovery Exhibit Nos. 1.

3.6.1.5. Paine Webber's Loan Analysis incorrectly reflects that Mr. Cimerring held a 15 percent interest in Lee Hall and Mr. Nizan held an 85 percent interest. *See* Discovery Exhibit No. 3.

#### IV. UNAUTHORIZED TRANSFER UNDER SECRET TRANSFER AGREEMENT

4.1. Mr. Cimerring suggests in his Affidavit that the lender consented to Mr. Nizan's transfer of his interest in Lee Hall to Mr. Cimerring as reflected in the Secret Transfer Agreement dated July 22, 1999. Mr. Cimerring's suggestion is without any merit whatsoever, and both the Petersburg Circuit Court and the Virginia Supreme Court rejected this argument.

4.2. First, by way of clarification, Mr. Cimerring suggests that the agreement on which the Petersburg Circuit Court entered summary judgment was an agreement in which Mr. Cimerring transferred his interest in Lee Hall to Mr. Nizan. This is untrue. In the Secret Transfer Agreement dated July 22, 1999, Mr. Nizan agreed to transfer his interest in Lee Hall to Mr. Cimerring after the closing on the Lee Hall Loan. A copy of the Secret Transfer Agreement is attached as Exhibit 14 to the Motion for Partial Summary Judgment.

4.3. The transfer from Mr. Nizan to Mr. Cimerring in the Secret Transfer Agreement rendered the Guaranty fully recourse because the parties did not obtain the *prior written consent* of the lender as required in the Loan Documents.

4.4. In response to Wells Fargo's motion for partial summary judgment, Mr. Cimerring offered a letter dated November 2, 1999 – *three months after the Secret Transfer Agreement and relating to an entirely different transfer* – in support of his argument that he had obtained *prior written consent* to the Secret Transfer Agreement.

4.5. The trial court correctly rejected this argument from Mr. Cimerring as did the Supreme Court of Virginia in Mr. Cimerring's appeal.

4.6. In his Affidavit, Mr. Cimerring again submits this November 2, 1999, letter, in addition to a letter dated August 21, 2000, and a letter dated November 10, 2000. None of these letters relates to the Secret Transfer Agreement or the transfer of Mr. Nizan's interest in Lee Hall to Mr. Cimerring as reflected in the Secret Transfer Agreement. Instead, by their own terms, they relate to transfers *back* to Mr. Nizan, and they *reverse* the improper and unauthorized transfers made in the Secret Transfer Agreement.



4.7. Even if these letters related to the Secret Transfer Agreement upon which the Court granted summary judgment, which they do not, they could not have constituted *prior written consent* because they all post-date the Secret Transfer Agreement.

4.8. Moreover, even if there were any basis for Mr. Cimerring's claim that the lender consented to the transfer under the Secret Transfer Agreement, which there is not, it would not change the Court's ruling on partial summary that the Guaranty was fully recourse against Mr. Cimerring. Wells Fargo presented evidence of several independent bases for full recourse liability under the Guaranty, including (a) first payment default, (b) the appointment of a receiver for the properties; (c) failure to conduct operations of business as operated at time of closing, (d) and Cimerring's pilfering of funds from the rents collected from the properties. Each of these independent grounds of liability was presented to the Court with supporting evidence undisputed by Mr. Cimerring.

#### V. MR. CIMERRING'S NOTICE ADDRESS

5.1. I also understand that Mr. Cimerring claims that notices were sent to the wrong address for him, which is a claim that has no basis in fact or in the law.

5.2. The Guaranty signed by Mr. Cimerring contains an express Notice provision that requires all notices to be sent to the address stated therein. The Guaranty provides that all notices to either Mr. Cimerring or Mr. Nizan must be sent to "45 Savings Street, Waterbury, Connecticut 06702." Guaranty ¶ 5.2. A copy of the Guaranty is attached hereto as Exhibit 28.

5.3. Wells Fargo was bound by that address and was obligated to send notices to that address until it received notice of a different address. Likewise, Mr. Cimerring was bound by any notices sent to such address until he provided notice of a different address.

5.4. In my letter to Mr. Sacks on April 5, 2001, I asked him to provide me an "updated notice address" for Mr. Cimerring, explaining that the last address we had for him was "45 Savings Street, Waterbury, Connecticut 06702," which was the address contained in the Guaranty See Exhibit 18. Mr. Sacks never provided the requested "updated notice address," leaving the 45 Waterbury Street address the only notice address for Mr. Cimerring.

#### VI. EVIDENCE OF MR. CIMERRING'S WRONGFUL CONDUCT

6.1. The Exhibits obtained in discovery contain pleadings, affidavits and memorandum reflecting Mr. Cimerring's theft of the rents from the Lee Hall properties and his other wrongful conduct. See Discovery Exhibit Nos. 94, 95, 96, 97, 98, 99, 109, 110, 111, 117 and 118.

DECLARATION

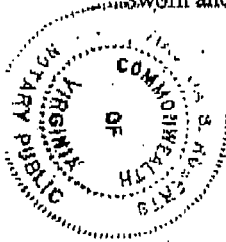
Pursuant to Virginia Code § 8.01-4.3, I declare under penalty of perjury this 26th of May 2006, that the foregoing is true and correct.

  
\_\_\_\_\_

JAMES D. KEPLEY, JR.

COMMONWEALTH OF VIRGINIA:  
COUNTY OF HENRICO:

Sworn and subscribed to before me, this 26<sup>th</sup> of May 2006.



*Virginia D. Roberts*  
NOTARY PUBLIC

*my commission expires 8-31-09.*

Form **1066**  
Department of the Treasury  
Internal Revenue Service

**U.S Real Estate Mortgage Investment Conduit  
(REMIC) Income Tax Return**

For calendar year 2001 or short tax year beginning \_\_\_\_\_  
ending \_\_\_\_\_

See separate instructions.

OMB No. 1545-1014

**2001**

<b>Please Type or Print</b>	Name Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC III	A Employer identification number 52-2207251
	Number, street, and room or suite no. (If a P.O. box, see page 4 of the instructions.) 9062 Old Annapolis Road	B Date REMIC started November 04, 1999
	City or town, state, and ZIP code Columbia, MD 21045	C Enter total assets at end of tax year \$ 572,691,575

D Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☒ Address change (4) ☐ Amended return

**Section 1 - Computation of Taxable Income or Net Loss**

**Income (excluding amounts from prohibited transactions)**

1	Taxable interest	1	
2	Accrued market discount under section 860C(b)(1)(B)	2	47,004,026
3	Capital gain (loss) (Schedule D)	3	
4	Ordinary gain (loss) (attach Form 4797)	4	
5	Other income (attach schedule -see page 4 of the instructions)	5	
6	Total income (loss). Add lines 1 through 5	6	47,004,026

**Deductions (excluding amounts allocable to prohibited transactions)**

7	Salaries and wages	7	
8	Rent	8	
9	Amount accrued to regular interest holders in the REMIC that is deductible as interest	9	46,647,822
10	Other interest	10	
11	Taxes	11	
12	Depreciation (see page 5 of the instructions)	12	
13	Other deductions (attach schedule)	13	
14	Total deductions. Add lines 7 through 13	14	46,647,822
15	Taxable income (net loss). Subtract line 14 from line 6. Enter here and on Schedule M, column (c).	15	356,205

**Section II - Tax and Payments**

1	Total tax. Schedule J, line 12	1	NONE
2	Tax paid with: <input type="checkbox"/> Form 8736 <input type="checkbox"/> Form 8800	2	
3	Tax Due. Enter excess of line 1 over line 2. (See instructions for Payment of Tax Due on page 3)	3	
4	Overpayment. Enter excess of line 2 over line 1	4	

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature <i>James Brown</i>	Date <i>7/11/02</i>	May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/> Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	Wells Fargo Bank Minnesota, N.A. 9062 Old Annapolis Road, Columbia, MD 21045	EIN 41-1592157 Phone no. (410) 884-2000

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Cat. No. 64383U

Form **1066** (2001)

CRA

Exhibit "F"

RESTRICTED CONFIDENTIAL  
WF021784

CONFIDENTIAL

OCM-SFE-BK317597

**Schedule D**

**Capital Gains and Losses** (Caution: Use Form 4797 instead of Schedule D if the startup day was after November 11, 1991. See page 5 of the instructions.)

**Part I - Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see page 5 of the instructions)	(e) Cost or other basis (see page 5 of the instructions)	(f) Gain (loss) (col. (d) less (e))
1					
2	Short-term capital gain from installment sales from Form 6252				2
3	Short-term capital loss carryover				3
4	Net short-term capital gain (loss). Combine lines 1 through 3				4 NONE

**Part II - Long-Term Capital Gains and Losses - Assets Held More Than One Year**

5					
6	Long-term capital gain from installment sales from Form 6252				6
7	Capital gain distributions				7
8	Enter gain, if applicable, from Form 4797				8
9	Long-term capital loss carryover				9
10	Net long-term capital gain (loss). Combine lines 5 through 9				10 NONE

**Part III - Summary of Parts I and Part II**

11	Combine lines 4 and 10 and enter the net gain (loss) here				11
12	If line 11 is a gain, enter here and also on line 3, Section I (page 1)				12
13	If line 11 is a loss, enter here and as a loss on line 3, Section I (page 1), the smaller of: a The amount on line 11; or b \$ 3,000				13 NONE

**Part IV - Computation of Capital Loss Carryovers From 2001 to 2002** (Complete this part if the loss on line 11 is more than the loss on line 13.)

14	Enter loss shown on line 4. If none, enter -0- and skip lines 15 through 18				14
15	Enter gain shown on line 10. If that line is blank or shows a loss, enter -0-				15
16	Subtract line 15 from line 14				16
17	Enter the smaller of line 13 or 16				17
18	Subtract line 17 from line 16. This is your short-term capital loss carryover from 2001 to 2002				18
19	Enter loss from line 10. If none, enter -0- and skip lines 20 through 23				19
20	Enter gain shown on line 4. If line 4 is blank or shows a loss, enter -0-				20
21	Subtract line 20 from line 19				21
22	Subtract line 17 from line 13. (Note: If you skipped lines 15 through 18, enter the amount from line 13.)				22
23	Subtract line 22 from line 21. This is your long-term capital loss carryover from 2001 to 2002				23 NONE

CRA

Form 1066 (2001)

RESTRICTED CONFIDENTIAL  
WF021785

CONFIDENTIAL

OCM-SFE-BK317598

Merrill Lynch Mortgage Investors, Inc.,

Mtg. P/T Certificates Series 1999-C1 REMIC III

52-2207251

Form 1066 (2001)

Page 3

**Schedule J Tax Computation****Part I - Tax on Net Income From Prohibited Transactions**

<b>1</b> Income - See page 5 of the instructions.		
<b>a</b> Gain from certain dispositions of qualified mortgages -----	<b>1a</b>	
<b>b</b> Income from nonpermitted assets -----	<b>1b</b>	
<b>c</b> Compensation for services -----	<b>1c</b>	
<b>d</b> Gain from the disposition of cash flow investments (except from a qualified liquidation) -----	<b>1d</b>	
<b>2</b> Total income. Add lines 1a through 1d -----	<b>2</b>	
<b>3</b> Deductions directly connected with the production of income shown on line 2 (excluding deductions attributable to prohibited transactions resulting in a loss) -----	<b>3</b>	
<b>4</b> Tax on net income from prohibited transactions. Subtract line 3 from line 2 -----	<b>4</b>	NONE

**Part II - Tax on Net Income From Foreclosure Property (as defined in section 860 G(a)(8))**  
 (Caution: See page 6 of the instructions before completing this part.)

<b>5</b> Net gain (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) -----	<b>5</b>	
<b>6</b> Gross income from foreclosure property (attach schedule) -----	<b>6</b>	
<b>7</b> Total income from foreclosure property. Add lines 5 and 6 -----	<b>7</b>	
<b>8</b> Deductions directly connected with the production of income shown on line 7 (attach schedule) -----	<b>8</b>	
<b>9</b> Net income from foreclosure property. Subtract line 8 from line 7 -----	<b>9</b>	
<b>10</b> Tax on net income from foreclosure property. Enter 35 % of line 9 -----	<b>10</b>	NONE

**Part III - Tax on Contributions After the Startup Day**  
 (Do not complete this part if the startup day was before July 1, 1987. See page 6 of the instructions.)

<b>11</b> Tax. Enter amount of taxable contributions received during the calendar year after the startup day. See page 6 of the instructions (attach schedule) -----	<b>11</b>	NONE
--	-----------	------

**Part IV - Total Tax**

<b>12</b> Total tax. Add lines 4, 10, and 11. Enter here and on page 1, Section II, line 1 -----	<b>12</b>	NONE
--	-----------	------

CRA

Form 1066 (2001)

RESTRICTED CONFIDENTIAL  
WF021786

CONFIDENTIAL

OCM-SFE-BK317599

Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2001)

Mtg. P/T Certificates Series 1999-C1 REMIC III

52-2207251

Page 4

**Designation of Tax Matters Person**

Enter below the residual interest holder designated as the tax matters person (TMP) for the calendar year of this return.

Name of designated TMP ▶ Wells Fargo Bank Minnesota, N.A. Identifying number of TMP ▶ 41-1592157  
 James Brown, Vice President

Address of designated TMP ▶ 9062 Old Annapolis Road  
 Columbia, MD 21045

**Additional Information** (See page 6 of instructions.)

E What type of entity is this REMIC? Check box ☐ Corporation ☐ Partnership ☒ Trust ☐ Segregated Pool of Assets

If you checked "Segregated Pool of Assets," enter the name and type of entity that owns the assets:  
 Name \_\_\_\_\_ Type \_\_\_\_\_

F Number of residual interest holders in this REMIC ▶ 1

G Check this box if this REMIC is subject to the consolidated entity-level audit procedures of sections 6221 through 6231. ☒

H At any time during calendar year 2001, did the REMIC have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? ☒ X  
 If "Yes", the REMIC may have to file Form TD F 90-22.1. See page 6 of instructions.  
 If "Yes", enter name of foreign country ▶ NOT APPLICABLE

I During the tax year, did the REMIC receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes", see page 7 of the instructions for other forms the REMIC may have to file ☒ X

J Enter the amount of the tax-exempt interest accrued during the year ▶ NONE

K Check this box if the REMIC had more than one class of regular interests ☒ X SEE SCHEDULE #2  
 If so, attach a schedule identifying the classes and principal amounts outstanding for each at the end of the year.

L Enter the sum of the daily accruals determined under section 860E(c) for the calendar year ▶ 0

<b>Schedule L Balance Sheets per Books</b>		(a) Beginning of year	(b) End of year
<b>Assets</b>			
1 Permitted investments (see page 7 of the instructions):			
a Cash flow investments	0	0	0
b Qualified reserve assets	0	0	0
c Foreclosure property	0	0	0
2 Qualified mortgages	586,984,263	574,110,584	
3 Other assets (attach schedule) SEE SCHEDULE # 1	(1,996,868)	(1,419,008)	
4 Total assets	584,987,395	572,691,575	
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule) SEE SCHEDULE # 1	1,955,547	1,913,409	
6 Other liabilities (attach schedule) SEE SCHEDULE # 1	(5,740,821)	(5,477,028)	
7 Regular interests in REMIC	586,984,263	574,110,584	
8 Residual interest holders' capital accounts	1,788,406	2,144,611	
9 Total liabilities and capital	584,987,395	572,691,575	

**Schedule M Reconciliation of Residual Interest Holders' Capital Accounts** (Show reconciliation of each residual interest holders' capital account quarterly on Schedule Q (Form 1066), Item F.)

(a) Residual interest holders' capital accounts at beginning of year	(b) Capital contributed during year	(c) Taxable income (net loss) from Section 1, line 15	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Residual interest holders' capital accounts at end of year (combine cols. (a) through (f))
1,788,406	0	356,205	0	0	0	2,144,611

CRA

Form 1066 (2001)

RESTRICTED CONFIDENTIAL  
WF021787

CONFIDENTIAL

OCM-SFE-BK317600



Form **8736**

(Rev. October 2000)

Department of the Treasury  
Internal Revenue Service**Application for Automatic Extension of Time  
To File U.S. Return for a Partnership, REMIC  
or for Certain Trusts**

OMB No. 1545-1054

► File a separate application for each return.

Please type or print.	Name	Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC III	Employer identification number	52-2207251
	Number, street, and room or suite no. If a P.O. box, see instructions. 9062 Old Annapolis Road			
	City or town, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code. Columbia, MD 21045			

1 I request an automatic 3-month extension of time to file (check only one):

☐ Form 1041    ☐ Form 1041-QFT    ☐ Form 1065    ☐ Form 1065-B    ☒ Form 1066
2 If the entity does not have an office or place of business in the United State, check this box ☐

3 a For calendar year 2001, or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

b If this tax year is for less than 12 months, check reason:

☐ Initial return    ☐ Final return    ☐ Change in accounting period

4 If this extension is requested for Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066, enter the following amounts:

a Tentative total tax from Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066 (see instructions). \$ None

b Refundable credits and estimated tax payments, including any prior year overpayment allowed as a credit, from Form 1041, Form 1041-QFT, or Form 1065-B (see instructions). REMICs, enter -0-. \$ None

c Balance due. Subtract line 4b from line 4a. If zero or less, enter -0-. Enclose payment, if any, with Form 8736 (see instructions). \$ None

**Caution:** Interest will be charged on any tax not paid by the regular due date of Forms 1041, 1041-QFT, 1065-B, and 1066 from the due date until the tax is paid.**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**

Use Form 8736 to request an automatic 3-month extension of time to file a return for:

- Trusts filing Form 1041, U.S. Income Tax Return for Estates and Trusts, or Form 1041-QFT, U.S. Income Tax Return for Qualified Funeral Trusts.
- Partnerships filing Form 1065, U.S. Return of Partnership Income, or Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
- Real estate mortgage investment conduits filing Form 1066, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return.

If allowed, the automatic extension will extend the due date of the return to the 15<sup>th</sup> day of the 3<sup>rd</sup> month following the month in which the regular due date falls. The automatic 3-month extension period includes any 2-month extension granted under Regulations section 1.6081-5 to certain foreign partnerships.

**Note:** An estate filing Form 1041 should not file this form. Instead, it should request an extension using Form 2758, Application for

**Extension of Time To File Certain Excise, Income, Information, and Other Returns.**

The extension will be allowed if you complete Form 8736 properly, make a proper estimate of the tax on line 4a (if applicable), and file the form on time. We will notify you only if your request for an extension is not allowed.

For most partnerships, trusts, and REMICs, an automatic extension will extend the due date of the return to July 15<sup>th</sup> of the year following the close of the calendar year.

**When To File**

File Form 8736 by the regular due date of the return for which an extension is requested (or, in the case of certain foreign partnerships, by the expiration date of any extension of time to file granted under Regulations section 1.6081-5). The regular due date is generally the 15<sup>th</sup> day of the 4<sup>th</sup> month following the close of the entity's tax year.

**Additional Extension of Time To File**

If Form 8736 has already been filed but more time is needed, file Form 8800, Application for Additional Extension of Time To File U.S. Return for a Partnership, REMIC, or for Certain Trusts. Except in cases of undue

hardship, do not file Form 8800 unless Form 8736 has already been filed. Before an additional extension can be granted, the entity must show reasonable cause for the additional time needed to file.

Ask for the additional extension early so that if it is denied the return can still be filed on time.

**Where To File**

File Form 8736 with the Internal Revenue Service Center where the entity will file its Return.

**No Blanket Requests**

File a separate Form 8736 for each return for which you are requesting an extension of time to file. This extension will apply only to the specific return checked on line 1. It does not extend the time filing any related returns. For example, an automatic extension of the time to file Form 1065 will not apply to the income tax returns of the partners of the partnership.

Form 1066  
**SCHEDULE #1 - Schedule L**  
**Merrill Lynch Mortgage Investors, Inc.,**  
**Mtg. P/T Certificates Series 1999-C1 REMIC III**  
**EIN: 52-2207251**  
**Tax Year Ended December 31, 2001**

**Line 3 - Other Assets**

Type of Other Assets	12/31/2000	12/31/2001
Interest Receivable	0	0
Collateral Cumulative Interest Shortfall	0	0
Collateral Prem (Disc) Remaining	(1,996,868)	(1,419,008)
<b>Total</b>	<b>(1,996,868)</b>	<b>(1,419,008)</b>

**Line 5 - Current Liabilities**

Type of Current Liabilities	12/31/2000	12/31/2001
Administrative Fees Payable	0	0
Interest Payable	1,955,547	1,913,409
<b>Total</b>	<b>1,955,547</b>	<b>1,913,409</b>

**Line 6 - Other Liabilities**

Type of Other Liabilities	12/31/2000	12/31/2001
Security Cumulative Interest Shortfall	30,389	531,671
Security Prem (Disc) Remaining	(5,771,210)	(6,008,698)
<b>Total</b>	<b>(5,740,821)</b>	<b>(5,477,028)</b>

RESTRICTED CONFIDENTIAL  
WF021789

CONFIDENTIAL

OCM-SFE-BK317602



Form 1066

**SCHEDULE # 2-- Additional Information (Page 4 of 1066)**

**Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC III**

EIN: 52-2207251

Tax Year Ended December 31, 2001

**Line K - Regular Interest Classes**

<b>Class</b>	<b>Principal Outstanding @ 12/31/01</b>
A1	79,265,425
A2	337,847,000
IO	0
B	32,584,000
C	26,660,000
D	8,887,000
E	20,735,000
F	7,406,000
G	23,698,000
H	20,735,000
J	2,963,000
K	13,330,159
<b>Total</b>	<b>574,110,584</b>

RESTRICTED CONFIDENTIAL  
WF021790

CONFIDENTIAL

OCM-SFE-BK317603

**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended March 31, 2001

(See instructions for residual interest holder on back)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 13-5674085	<b>REMIC's identifying number</b> 52-2207251
<b>Residual interest holder's name, address, and ZIP code</b> Merrill Lynch C7 Co Corporate Tax Department 570 Washington Street New York, NY 10014 Attn: D. Bandola	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC III 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(6)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **34.18** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
1,788,406	0	307,899	0	0	0	2,096,305

**Caution:** See the instructions for Residual Interest Holder on back before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	<b>307,899</b>
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter	<b>307,899</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	<b>0</b>
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter	<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)	<b>307,899</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (See instructions.) Not required to be completed for other entities.	<b>0</b>
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	<b>0</b>
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.)	<b>0</b>

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2000)  
\* More than 95% of the assets are qualifying assets.\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.  
CRARESTRICTED CONFIDENTIAL  
WF021791

CONFIDENTIAL

OCM-SFE-BK317604

**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended June 30, 2001

(See instructions for residual interest holder on back)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 13-5674085	<b>REMIC's identifying number</b> 52-2207251
<b>Residual interest holder's name, address, and ZIP code</b> Merrill Lynch C7 Co Corporate Tax Department 570 Washington Street New York, NY 10014 Attn: D. Bandola	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC III 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(6)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.61** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
2,096,305	0	13,021	0	0	0	2,109,326

**Caution: See the instructions for Residual Interest Holder on back before entering information from this schedule on your tax return.**

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	13,021	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		13,021
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		13,021
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (See instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	0	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.)		0

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2000)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021792

CONFIDENTIAL

OCM-SFE-BK317605

**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation****For calendar quarter ended September 30, 2001**

(See instructions for residual interest holder on back)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 13-5674085	<b>REMIC's identifying number</b> 52-2207251
<b>Residual interest holder's name, address, and ZIP code</b> Merrill Lynch C7 Co Corporate Tax Department 570 Washington Street New York, NY 10014 Attn: D. Bandola	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC III 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see instructions) ? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(6)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.60** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes : **(1)** ☐ Final Schedule Q **(2)** ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
2,109,326	0	20,399	0	0	0	2,129,725

**Caution: See the Instructions for Residual Interest Holder on back before entering information from this schedule on your tax return.**

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	20,399	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		20,399
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		20,399
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (See instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	0	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.)		0

**For Paperwork Reduction Act Notice, see Form 1066 instructions.** Cat. No. 64167S **Schedule Q (Form 1066) (Rev. 10-2000)**  
\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021793

CONFIDENTIAL

OCM-SFE-BK317606

**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended December 31, 2001

(See instructions for residual interest holder on back)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 13-5674085	<b>REMIC's identifying number</b> 52-2207251
<b>Residual interest holder's name, address, and ZIP code</b> Merrill Lynch C7 Co Corporate Tax Department 570 Washington Street New York, NY 10014 Attn: D. Bandola	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC III 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see instructions) ? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(6)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the  
 definition of a domestic building and loan association) **33.60** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes : (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
2,129,725	0	14,886	0	0	0	2,144,611

**Caution: See the Instructions for Residual Interest Holder on back before entering information from this schedule on your tax return.**

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	14,886	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		14,886
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		14,886
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (See instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	0	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.)		0

**For Paperwork Reduction Act Notice, see Form 1066 instructions.** Cat. No. 64167S **Schedule Q (Form 1066)** (Rev. 10-2000)  
\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021794

CONFIDENTIAL

OCM-SFE-BK317607

Form **1066**  
Department of the Treasury  
Internal Revenue Service

**U.S Real Estate Mortgage Investment Conduit  
(REMIC) Income Tax Return**

For calendar year 2002 or short tax year beginning \_\_\_\_\_  
ending \_\_\_\_\_  
See separate instructions.

OMB No. 1545-1014

**2002**

<b>Please Type or Print</b>	Name	Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I	<b>A</b> Employer identification number	52-2207243
	Number, street, and room or suite no. (If a P.O. box, see page 4 of the instructions.)	9062 Old Annapolis Road	<b>B</b> Date REMIC started	November 04, 1999
	City or town, state, and ZIP code	Columbia, MD 21045	<b>C</b> Enter total assets at end of tax year	\$ 562,270,849

D Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

**Section I - Computation of Taxable Income or Net Loss****Income (excluding amounts from prohibited transactions)**

1	Taxable interest	1	
2	Accrued market discount under section 860C(b)(1)(B)	2	45,794,807
3	Capital gain (loss) (Schedule D)	3	
4	Ordinary gain (loss) (attach Form 4797)	4	(70,178)
5	Other income (attach schedule -see page 4 of the instructions) <u>Forgiveness of Indebtedness</u>	5	70,352
6	<b>Total income (loss).</b> Add lines 1 through 5	6	45,794,981

**Deductions (excluding amounts allocable to prohibited transactions)**

7	Salaries and wages	7	
8	Rent	8	
9	Amount accrued to regular interest holders in the REMIC that is deductible as interest	9	45,163,752
10	Other interest	10	
11	Taxes	11	
12	Depreciation (see page 5 of the instructions)	12	
13	Other deductions (attach schedule) <u>Administrative Fees</u>	13	507,510
14	<b>Total deductions.</b> Add lines 7 through 13	14	45,671,262
15	<b>Taxable income (net loss).</b> Subtract line 14 from line 6. Enter here and on Schedule M, column (c).	15	123,719

**Section II - Tax and Payments**

1	<b>Total tax.</b> Schedule J, line 12	1	NONE
2	Tax paid with: <input type="checkbox"/> Form 8736 <input type="checkbox"/> Form 8800	2	
3	<b>Tax Due.</b> Enter excess of line 1 over line 2. (See Instructions for Payment of Tax Due on page 3)	3	
4	<b>Overpayment.</b> Enter excess of line 2 over line 1	4	

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature <u>James Brown</u>	Date <u>6/27/03</u>	May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/> Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	Wells Fargo Bank Minnesota, N.A. 9062 Old Annapolis Road, Columbia, MD 21045	EIN 41-1592157 Phone no. (410) 884-2000

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Cat. No. 64383U.

Form **1066** (2002)

CRA

Exhibit "G"

RESTRICTED CONFIDENTIAL  
WF021747

CONFIDENTIAL

OCM-SFE-BK317608



Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2002)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Page 2

**Schedule D** **Capital Gains and Losses** (Caution: Use Form 4797 instead of Schedule D if the startup day was after November 11, 1991. See page 5 of the instructions.)**Part I - Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see page 5 of the instructions)	(e) Cost or other basis (see page 5 of the instructions)	(f) Gain (loss) (col. (d) less (e))
1					
2 Short-term capital gain from installment sales from Form 6252					2
3 Short-term capital loss carryover					3
4 Net short-term capital gain (loss). Combine lines 1 through 3					4 NONE

**Part II - Long-Term Capital Gains and Losses - Assets Held More Than One Year**

5					
6 Long-term capital gain from installment sales from Form 6252					6
7 Capital gain distributions					7
8 Enter gain, if applicable, from Form 4797					8
9 Long-term capital loss carryover					9
10 Net long-term capital gain (loss). Combine lines 5 through 9					10 NONE

**Part III - Summary of Parts I and Part II**

11 Combine lines 4 and 10 and enter the net gain (loss) here					11
12 If line 11 is a gain, enter here and also on line 3, Section I (page 1)					12
13 If line 11 is a loss, enter here and as a loss on line 3, Section I (page 1), the smaller of: a The amount on line 11; or b \$ 3,000					13 NONE

**Part IV - Computation of Capital Loss Carryovers From 2002 to 2003** (Complete this part if the loss on line 11 is more than the loss on line 13.)

14 Enter loss shown on line 4. If none, enter -0- and skip lines 15 through 18					14
15 Enter gain shown on line 10. If that line is blank or shows a loss, enter -0-					15
16 Subtract line 15 from line 14					16
17 Enter the smaller of line 13 or 16					17
18 Subtract line 17 from line 16. This is your short-term capital loss carryover from 2002 to 2003					18
19 Enter loss from line 10. If none, enter -0- and skip lines 20 through 23					19
20 Enter gain shown on line 4. If line 4 is blank or shows a loss, enter -0-					20
21 Subtract line 20 from line 19					21
22 Subtract line 17 from line 13. (Note: If you skipped lines 15 through 18, enter the amount from line 13.)					22
23 Subtract line 22 from line 21. This is your long-term capital loss carryover from 2002 to 2003					23 NONE

CRA

Form 1066 (2002)

RESTRICTED CONFIDENTIAL  
WF021748

CONFIDENTIAL

OCM-SFE-BK317609



Merrill Lynch Mortgage Investors, Inc.,

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Form 1066 (2002)

Page 3

**Schedule J Tax Computation****Part I - Tax on Net Income From Prohibited Transactions**

<b>1</b> Income - See page 5 of the instructions.		
<b>a</b> Gain from certain dispositions of qualified mortgages .....	<b>1a</b>	
<b>b</b> Income from nonpermitted assets .....	<b>1b</b>	
<b>c</b> Compensation for services .....	<b>1c</b>	
<b>d</b> Gain from the disposition of cash flow investments (except from a qualified liquidation) .....	<b>1d</b>	
<b>2</b> Total income. Add lines 1a through 1d .....	<b>2</b>	
<b>3</b> Deductions directly connected with the production of income shown on line 2 (excluding deductions attributable to prohibited transactions resulting in a loss) .....	<b>3</b>	
<b>4</b> Tax on net income from prohibited transactions. Subtract line 3 from line 2 .....	<b>4</b>	NONE

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
(Caution: See page 6 of the instructions before completing this part.)

<b>5</b> Net gain (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) .....	<b>5</b>	
<b>6</b> Gross income from foreclosure property (attach schedule) .....	<b>6</b>	
<b>7</b> Total income from foreclosure property. Add lines 5 and 6 .....	<b>7</b>	
<b>8</b> Deductions directly connected with the production of income shown on line 7 (attach schedule) .....	<b>8</b>	
<b>9</b> Net income from foreclosure property. Subtract line 8 from line 7 .....	<b>9</b>	
<b>10</b> Tax on net income from foreclosure property. Enter 35 % of line 9 .....	<b>10</b>	NONE

**Part III - Tax on Contributions After the Startup Day**

(Do not complete this part if the startup day was before July 1, 1987. See page 6 of the instructions.)

<b>11</b> Tax. Enter amount of taxable contributions received during the calendar year after the startup day. See page 6 of the instructions (attach schedule) .....	<b>11</b>	NONE
--	-----------	------

**Part IV - Total Tax**

<b>12</b> Total tax. Add lines 4, 10, and 11. Enter here and on page 1, Section II, line 1 .....	<b>12</b>	NONE
--	-----------	------

GRA

Form 1066 (2002)

RESTRICTED CONFIDENTIAL  
WF021749

CONFIDENTIAL

OCM-SFE-BK317610

Form **8736**

**Application for Automatic Extension of Time  
To File U.S. Return for a Partnership, REMIC  
or for Certain Trusts**

OMB No. 1545-1054

(Rev. October 2000)

Department of the Treasury  
Internal Revenue Service

► File a separate application for each return.

Please type or print.	Name	Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I	Employer identification number	52-2207243
	Number, street, and room or suite no. If a P.O. box, see instructions.	9062 Old Annapolis Road		
	City or town, state, and ZIP code. If a foreign address, enter city, province or state, and country. Follow the country's practice for entering the postal code.	Columbia, MD 21045		

1 I request an automatic 3-month extension of time to file (check only one):

☐ Form 1041    ☐ Form 1041-QFT    ☐ Form 1065    ☐ Form 1065-B    ☒ Form 1066
2 If the entity does not have an office or place of business in the United State, check this box ☐

3 a For calendar year 2002, or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

b If this tax year is for less than 12 months, check reason:

☐ Initial return    ☐ Final return    ☐ Change in accounting period

4 If this extension is requested for Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066, enter the following amounts:

a Tentative total tax from Form 1041, Form 1041-QFT, Form 1065-B, or Form 1066 (see instructions). \$ Noneb Refundable credits and estimated tax payments, including any prior year overpayment allowed as a credit, from Form 1041, Form 1041-QFT, or Form 1065-B (see instructions). REMICs, enter -0-.. \$ Nonec Balance due. Subtract line 4b from line 4a. If zero or less, enter -0-. Enclose payment, if any, with Form 8736 (see instructions) - - - - - \$ None

**Caution:** Interest will be charged on any tax not paid by the regular due date of Forms 1041, 1041-QFT, 1065-B, and 1066 from the due date until the tax is paid.

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**

Use Form 8736 to request an automatic 3-month extension of time to file a return for:

- Trusts filing Form 1041, U.S. Income Tax Return for Estates and Trusts, or Form 1041-QFT, U.S. Income Tax Return for Qualified Funeral Trusts.
- Partnerships filing Form 1065, U.S. Return of Partnership Income, or Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
- Real estate mortgage investment conduits filing Form 1066, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return.

If allowed, the automatic extension will extend the due date of the return to the 15<sup>th</sup> day of the 3<sup>rd</sup> month following the month in which the regular due date falls. The automatic 3-month extension period includes any 2-month extension granted under Regulations section 1.6081-5 to certain foreign partnerships.

**Note:** An estate filing Form 1041 should not file this form. Instead, it should request an extension using Form 2758, Application for

**Extension of Time To File Certain Excise, Income, Information, and Other Returns.**

The extension will be allowed if you complete Form 8736 properly, make a proper estimate of the tax on line 4a (if applicable), and file the form on time. We will notify you only if your request for an extension is not allowed.

For most partnerships, trusts, and REMICs, an automatic extension will extend the due date of the return to July 15<sup>th</sup> of the year following the close of the calendar year.

**When To File**

File Form 8736 by the regular due date of the return for which an extension is requested (or, in the case of certain foreign partnerships, by the expiration date of any extension of time to file granted under Regulations section 1.6081-5). The regular due date is generally the 15<sup>th</sup> day of the 4<sup>th</sup> month following the close of the entity's tax year.

**Additional Extension of Time To File**

If Form 8736 has already been filed but more time is needed, file Form 8800, Application for Additional Extension of Time To File U.S. Return for a Partnership, REMIC, or for Certain Trusts. Except in cases of undue

hardship, do not file Form 8800 unless Form 8736 has already been filed. Before an additional extension can be granted, the entity must show reasonable cause for the additional time needed to file.

Ask for the additional extension early so that if it is denied the return can still be filed on time.

**Where To File**

File Form 8736 with the Internal Revenue Service Center where the entity will file its Return.

**No Blanket Requests**

File a separate Form 8736 for each return for which you are requesting an extension of time to file. This extension will apply only to the specific return checked on line 1. It does not extend the time filing any related returns. For example, an automatic extension of the time to file Form 1065 will not apply to the income tax returns of the partners of the partnership.

Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2002)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243  
Page 4**Designation of Tax Matters Person**

Enter below the residual interest holder designated as the tax matters person (TMP) for the calendar year of this return.

Name of designated TMP ▶ Wells Fargo Bank Minnesota, N.A. Identifying number of TMP ▶ 41-1592157  
James Brown, Vice President

Address of designated TMP ▶ 9062 Old Annapolis Road  
Columbia, MD 21045

**Additional Information** (See page 6 of instructions.)

E What type of entity is this REMIC? Check box ☐ Corporation ☐ Partnership ☒ Trust ☐ Segregated Pool of Assets

If you checked "Segregated Pool of Assets," enter the name and type of entity that owns the assets:  
Name \_\_\_\_\_ Type \_\_\_\_\_

F Number of residual interest holders in this REMIC ▶ 1

G Check this box if this REMIC is subject to the consolidated entity-level audit procedures of sections 6221 through 6231. ☒ X

H At any time during calendar year 2002, did the REMIC have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? ☐ X  
If "Yes", the REMIC may have to file Form TD F 90-22.1. See page 6 of instructions  
If "Yes", enter name of foreign country ▶ NOT APPLICABLE

I During the tax year, did the REMIC receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes", see page 7 of the instructions for other forms the REMIC may have to file ☐ X

J Enter the amount of the tax-exempt interest accrued during the year ▶ NONE

K Check this box if the REMIC had more than one class of regular interests ☐   
If so, attach a schedule identifying the classes and principal amounts outstanding for each at the end of the year.

L Enter the sum of the daily accruals determined under section 860E(c) for the calendar year ▶ 0

<b>Schedule L Balance Sheets per Books</b>		(a) Beginning of year	(b) End of year
<b>Assets</b>			
1 Permitted investments (see page 7 of the instructions):			
a Cash flow investments		0	0
b Qualified reserve assets		0	0
c Foreclosure property		0	0
2 Qualified mortgages		574,110,584	562,926,103
3 Other assets (attach schedule) SEE SCHEDULE # 1		(1,130,384)	(655,254)
4 Total assets		572,980,200	562,270,849
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule) SEE SCHEDULE # 1		42,883	31,357
6 Other liabilities (attach schedule) SEE SCHEDULE # 1		(1,419,008)	(1,056,071)
7 Regular interests in REMIC		574,110,584	562,926,103
8 Residual interest holders' capital accounts		245,741	369,460
9 Total liabilities and capital		572,980,200	562,270,849

**Schedule M Reconciliation of Residual Interest Holders' Capital Accounts** (Show reconciliation of each residual interest holder's capital account quarterly on Schedule Q (Form 1066), Item F.)

(a) Residual interest holders' capital accounts at beginning of year	(b) Capital contributed during year	(c) Taxable income (net loss) from Section 1, line 15	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Residual interest holders' capital accounts at end of year (combine cols. (a) through (f))
245,741	0	123,719	0	0	0	369,460

CRA

Form 1066 (2002)

RESTRICTED CONFIDENTIAL  
WF021751

CONFIDENTIAL

OCM-SFE-BK317612

Form **4797**Department of the Treasury  
Internal Revenue Service (99)**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

**2002**Attachment  
Sequence No. 27Name(s) shown on return **Merrill Lynch Mortgage Investors, Inc.,****Mtg. P/T Certificates Series 1999-C1 REMIC I**

Identifying Number

**52-2207243****1** Enter the gross proceeds from sales or exchanges reported to you for 2002 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).....**1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year (See instructions.)**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>2</b>						
<b>3</b> Gain, if any, from Form 4684, line 39 .....						<b>3</b>
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37 .....						<b>4</b>
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .....						<b>5</b>
<b>6</b> Gain, if any, from line 32, from other than casualty or theft .....						<b>6</b>
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: .....						<b>7</b>
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below.						
All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, and 12 below.						
<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions) .....						<b>8</b>
<b>9</b> Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions) .....						<b>9</b>

**Part II Ordinary Gains and Losses****10** Ordinary gains and losses not included on lines 11 through 17 (including property held 1 year or less):

REO Liquidations	Various	Various				
					<b>\$70,178</b>	<b>(\$70,178)</b>
<b>11</b> Loss, if any, from line 7 .....						<b>11</b>
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable .....						<b>12</b>
<b>13</b> Gain, if any, from line 31 .....						<b>13</b>
<b>14</b> Net gain or (loss) from Form 4684, lines 31 and 38a .....						<b>14</b>
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36 .....						<b>15</b>
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824 .....						<b>16</b>
<b>17</b> Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) .....						<b>17</b>
<b>18</b> Combine lines 10 through 17. Enter gain or (loss) here and on the appropriate line as follows: .....						<b>18 (\$70,178)</b>
a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed.						
b For individual returns:						
(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions .....						<b>18b(1)</b>
(2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14 .....						<b>18b(2)</b>

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Cat. No. 130861

Form **4797** (2002)RESTRICTED CONFIDENTIAL  
WF021752

CONFIDENTIAL

OCM-SFE-BK317613

Merrill Lynch Mortgage Investors, Inc.,

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Form 4797 (2002)

Page 2

**Part III Gain From Disposition of Property Under Section 1245, 1250, 1252, 1254, and 1255**

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property :		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D.		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale	21	
22	Depreciation (or depletion) allowed or allowable	22	
23	Adjusted basis. Subtract line 22 from line 21	23	
24	Total gain. Subtract line 23 from line 20	24	
25	If section 1245 property:		
a	Depreciation allowed or allowable from line 22	25a	
b	Enter the smaller of line 24 or 25a	25b	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
a	Additional depreciation after 1975 (see instructions)	26a	
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c	
d	Additional depreciation after 1969 and before 1976	26d	
e	Enter the smaller of line 26c or 26d	26e	
f	Section 291 amount (corporations only)	26f	
g	Add lines 26b, 26e, and 26f	26g	
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).		
a	Soil, water, and land clearing expenses	27a	
b	Line 27a multiplied by applicable percentage (see instructions)	27b	
c	Enter the smaller of line 24 or 27b	27c	
28	If section 1254 property:		
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a	
b	Enter the smaller of line 24 or 28a	28b	
29	If section 1255 property:		
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a	
b	Enter the smaller of line 24 or 29a (see instructions)	29b	

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(See instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation. See instructions	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

CRA

Form 4797 (2002)

RESTRICTED CONFIDENTIAL  
WF021753

CONFIDENTIAL

OCM-SFE-BK317614

## Form 1066

## SCHEDULE #1 - Schedule L

Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I

EIN: 52-2207243

Tax Year Ended December 31, 2002

**Line 3 - Other Assets**

Type of Other Assets	12/31/2001	12/31/2002
Interest Receivable	0	0
Collateral Cumulative Interest Shortfall	0	0
Collateral Prem (Disc) Remaining	(1,130,384)	(655,254)
<b>Total</b>	<b>(1,130,384)</b>	<b>(655,254)</b>

**Line 5 - Current Liabilities**

Type of Current Liabilities	12/31/2001	12/31/2002
Administrative Fees Payable	42,883	31,357
Interest Payable	0	0
<b>Total</b>	<b>42,883</b>	<b>31,357</b>

**Line 6 - Other Liabilities**

Type of Other Liabilities	12/31/2001	12/31/2002
Security Cumulative Interest Shortfall	0	0
Security Prem (Disc) Remaining	(1,419,008)	(1,056,071)
<b>Total</b>	<b>(1,419,008)</b>	<b>(1,056,071)</b>

RESTRICTED CONFIDENTIAL  
WF021754

CONFIDENTIAL

OCM-SFE-BK317615



**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended March 31, 2002

(See instructions for residual interest holder on back)

OMB No. 1545-1014

Residual interest holder's identifying number <b>13-5674085</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Merrill Lynch C7 Co</b> <b>PO Box 1326</b>  <b>Newark, NJ 17101</b> <b>Attn: D. Bandola</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc.,</b> <b>Mtg. P/T Certificates Series 1999-C1 REMIC I</b> <b>9062 Old Annapolis Road</b> <b>Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(6)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.37** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
245,741	0	52,343	0	0	0	298,085

**Caution: See the instructions for Residual Interest Holder on back before entering information from this schedule on your tax return.**

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	<b>52,343</b>	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		<b>52,343</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	<b>0</b>	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		<b>52,343</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (See instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	<b>146,958</b>	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.) .....		<b>146,958</b>

**For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 641675 Schedule Q (Form 1066) (Rev. 10-2000)****\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.****CRA**RESTRICTED CONFIDENTIAL  
WF021755

CONFIDENTIAL

OCM-SFE-BK317616



**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended June 30, 2002

(See instructions for residual interest holder on back)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 13-5674085	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Merrill Lynch C7 Co PO Box 1326  Newark, NJ 17101 Attn: D. Bandola	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see instructions) ? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(6)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.34** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
298,085	0	62,805	0	0	0	360,889

**Caution:** See the *Instructions for Residual Interest Holder on back before entering information from this schedule on your tax return.*

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	62,805
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter	62,805
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter	0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)	62,805
<b>3 Residual interest holders who are individuals or other pass-through interest holders. (See instructions.) Not required to be completed for other entities.</b>	
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	116,264
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.)	116,264

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2000)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021756

CONFIDENTIAL

OCM-SFE-BK317617

**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended September 30, 2002

(See instructions for residual interest holder on back)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 13-5674085	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Merrill Lynch C7 Co PO Box 1326  Newark, NJ 17101 Attn: D. Bandola	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(6)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.34** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
360,889	0	(49,651)	0	0	0	311,238

**Caution:** See the **Instructions for Residual Interest Holder** on back before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	(49,651)	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		(49,651)
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		0
<b>3 Residual interest holders who are individuals or other pass-through interest holders. (See instructions.) Not required to be completed for other entities.</b>		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	139,316	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.)		139,316

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2000)

\* More than 95% of the assets are qualifying assets.  
\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021757

CONFIDENTIAL

OCM-SFE-BK317618

**SCHEDULE Q**  
**(FORM 1066)**(Rev. October 2000)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended December 31, 2002

(See instructions for residual interest holder on back)

OMB No. 1545-1014

Residual interest holder's identifying number <b>13-5674085</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Merrill Lynch C7 Co</b> <b>PO Box 1326</b>  <b>Newark, NJ 17101</b> <b>Attn: D. Bandola</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc.,</b> <b>Mtg. P/T Certificates Series 1999-C1 REMIC I</b> <b>9062 Old Annapolis Road</b> <b>Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see instructions) ? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(6)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.32** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes : **(1)** ☐ Final Schedule Q **(2)** ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
311,238	0	58,222	0	0	0	369,460

**Caution: See the Instructions for Residual Interest Holder on back before entering information from this schedule on your tax return.**

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	<b>58,222</b>	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		<b>58,222</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	<b>0</b>	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		<b>58,222</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (See Instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	<b>104,972</b>	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions for treatment of this amount as a miscellaneous itemized deduction.) .....		<b>104,972</b>

**For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2000)****\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.****CRA**RESTRICTED CONFIDENTIAL  
WF021758

CONFIDENTIAL

OCM-SFE-BK317619

Form **1066**Department of the Treasury  
Internal Revenue Service**U.S Real Estate Mortgage Investment Conduit  
(REMIC) Income Tax Return**For calendar year 2003 or short tax year beginning \_\_\_\_\_  
ending \_\_\_\_\_

See separate instructions.

OMB No. 1545-1014

**2003**

<b>Please Type or Print</b>	Name	Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I.	A Employer identification number	52-2207243
	Number, street, and room or suite no. (If a P.O. box, see page 4 of the instructions.)	9062 Old Annapolis Road	B Date REMIC started	November 04, 1999
	City or town, state, and ZIP code	Columbia, MD 21045	C Enter total assets at end of tax year	\$ 554,219,378

D Check applicable boxes: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

**Section I - Computation of Taxable Income or Net Loss****Income (excluding amounts from prohibited transactions)**

1	Taxable interest	1	
2	Accrued market discount under section 860C(b)(1)(B)	2	44,114,714
3	Capital gain or (loss) (Schedule D)	3	
4	Ordinary gain or (loss) (attach Form 4797)	4	(12,506)
5	Other income (attach schedule -see page 4 of the instructions) Forgiveness of Indebtedness	5	12,536
6	Total income (loss). Add lines 1 through 5	6	44,114,743

**Deductions (excluding amounts allocable to prohibited transactions)**

7	Salaries and wages	7	
8	Rent	8	
9	Amount accrued to regular interest holders in the REMIC that is deductible as interest	9	43,369,078
10	Other interest	10	
11	Taxes	11	
12	Depreciation (see page 5 of the instructions)	12	
13	Other deductions (attach schedule) Administrative Fees	13	636,304
14	Total deductions. Add lines 7 through 13	14	44,005,382
15	Taxable income (or net loss). Subtract line 14 from line 6. Enter here and on Schedule M, column (c)	15	109,360

**Section II - Tax and Payments**

1	Total tax (Schedule J, line 12)	1	NONE
2	Tax paid with: <input type="checkbox"/> Form 8736 <input type="checkbox"/> Form 8800	2	
3	Tax Due. Enter excess of line 1 over line 2. (See Payment of Tax Due on page 3 of the instructions.)	3	
4	Overpayment. Enter excess of line 2 over line 1	4	

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature

Date

4/13/04

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No**Paid Preparer's Use Only**

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

Wells Fargo Bank, N.A.

9062 Old Annapolis Road, Columbia, MD 21045

EIN 94-1347393

Phone no. (410) 884-2000

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Cat. No. 64383U

Form 1066 (2003)

CRA

Exhibit "H"

RESTRICTED CONFIDENTIAL  
WF021710

CONFIDENTIAL

OCM-SFE-BK317620

Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2003)

Mtg. P/T Certificates Series 1999-C1 REMIC 1

52-2207243

Page 2

**Schedule D****Capital Gains and Losses** (Caution: Use Form 4797 instead of Schedule D if the startup day was after November 11, 1991. See page 5 of the instructions.)**Part I - Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see page 5 of the instructions)	(e) Cost or other basis (see page 5 of the instructions)	(f) Gain (loss) ((d) minus (e))
1					
2	Short-term capital gain from installment sales from Form 6252				2
3	Short-term capital loss carryover				3
4	Net short-term capital gain or (loss). Combine lines 1 through 3				4 NONE

**Part II - Long-Term Capital Gains and Losses - Assets Held More Than One Year**

5					
6	Long-term capital gain from installment sales from Form 6252				6
7	Capital gain distributions				7
8	Enter gain, if applicable, from Form 4797				8
9	Long-term capital loss carryover				9
10	Net long-term capital gain or (loss). Combine lines 5 through 9				10 NONE

**Part III - Summary of Parts I and Part II**

11	Combine lines 4 and 10 and enter the net gain or (loss) here	11
12	If line 11 is a gain, enter here and also on line 3, Section I (page 1)	12
13	If line 11 is a loss, enter here and as a loss on line 3, Section I (page 1), the smaller of: a The amount on line 11; or b (\$ 3,000)	13 NONE

**Part IV - Computation of Capital Loss Carryovers From 2003 to 2004** (Complete this part if the loss on line 11 is more than the loss on line 13.)

14	Enter loss shown on line 4. If none, enter -0- and go to line 19	14
15	Enter gain shown on line 10. If line 10 is blank or shows a loss, enter -0-	15
16	Combine lines 14 and 15	16
17	Enter the smaller of (a) the loss on line 13 or (b) the loss on line 16	17
18	Subtract line 17 from line 16. This is your short-term capital loss carryover from 2003 to 2004	18
19	Enter loss from line 10. If none, enter -0- and skip lines 20 through 23	19
20	Enter gain shown on line 4. If line 4 is blank or shows a loss, enter -0-	20
21	Combine lines 19 and 20	21
22	Subtract line 17 from line 13. (Note: If lines 15 through 18 are blank, enter the amount from line 13.)	22
23	Subtract line 22 from line 21. This is your long-term capital loss carryover from 2003 to 2004	23 NONE

GRA

Form 1066 (2003)

RESTRICTED CONFIDENTIAL  
WF021711

CONFIDENTIAL

OCM-SFE-BK317621

Merrill Lynch Mortgage Investors, Inc.,

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Form 1066 (2003)

Page 3

**Schedule J Tax Computation****Part I - Tax on Net Income From Prohibited Transactions**

<b>1</b> Income - See page 5 of the instructions.		
<b>a</b> Gain from certain dispositions of qualified mortgages	<b>1a</b>	
<b>b</b> Income from nonpermitted assets	<b>1b</b>	
<b>c</b> Compensation for services	<b>1c</b>	
<b>d</b> Gain from the disposition of cash flow investments (except from a qualified liquidation)	<b>1d</b>	
<b>2</b> Total income. Add lines 1a through 1d	<b>2</b>	
<b>3</b> Deductions directly connected with the production of income shown on line 2 (excluding deductions attributable to prohibited transactions resulting in a loss)	<b>3</b>	
<b>4</b> Tax on net income from prohibited transactions. Subtract line 3 from line 2	<b>4</b>	NONE

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
 (Caution: See page 6 of the instructions before completing this part.)

<b>5</b> Net gain or (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule)	<b>5</b>	
<b>6</b> Gross income from foreclosure property (attach schedule)	<b>6</b>	
<b>7</b> Total income from foreclosure property. Add lines 5 and 6	<b>7</b>	
<b>8</b> Deductions directly connected with the production of income shown on line 7 (attach schedule)	<b>8</b>	
<b>9</b> Net income from foreclosure property. Subtract line 8 from line 7	<b>9</b>	
<b>10</b> Tax on net income from foreclosure property. Enter 35 % of line 9	<b>10</b>	NONE

**Part III - Tax on Contributions After the Startup Day**  
 (Do not complete this part if the startup day was before July 1, 1987. See page 6 of the instructions.)

<b>11</b> Tax. Enter amount of taxable contributions received during the calendar year after the startup day. See page 6 of the instructions (attach schedule)	<b>11</b>	NONE
--	-----------	------

**Part IV - Total Tax**

<b>12</b> Total tax. Add lines 4, 10, and 11. Enter here and on page 1, Section II, line 1	<b>12</b>	NONE
--	-----------	------

CRA

Form 1066 (2003)

RESTRICTED CONFIDENTIAL  
WF021712

CONFIDENTIAL

OCM-SFE-BK317622



Merill Lynch Mortgage Investors, Inc.,  
Form 1066 (2003)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243  
Page 4

### Designation of Tax Matters Person

Enter below the residual interest holder designated as the tax matters person (TMP) for the calendar year of this return.

Name of designated TMP **▶** Wells Fargo Bank, N.A.  
James Brown, Vice President  
Identifying number of TMP **▶** 94-1347393  
Address of designated TMP **▶** 9062 Old Annapolis Road  
Columbia, MD 21045

### Additional Information (See page 6 of instructions.)

E What type of entity is this REMIC? Check box ☐ Corporation ☐ Partnership ☒ Trust ☐ Segregated Pool of Assets

If you checked "Segregated Pool of Assets," enter the name and type of entity that owns the assets:  
Name \_\_\_\_\_ Type \_\_\_\_\_

F Number of residual interest holders in this REMIC **▶** 2

G Check this box if this REMIC is subject to the consolidated entity-level audit procedures of sections 6221 through 6231 ☒

H At any time during calendar year 2003, did the REMIC have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? ☒ Yes ☐ No  
If "Yes", the REMIC may have to file Form TD F 90-22.1. See page 6 of instructions.  
If "Yes", enter name of foreign country **▶** NOT APPLICABLE

I During the tax year, did the REMIC receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes", see page 6 of the instructions for other forms the REMIC may have to file ☒ Yes ☐ No

J Enter the amount of the tax-exempt interest accrued during the year **▶** NONE

K Check this box if the REMIC had more than one class of regular interests ☐  
If so, attach a schedule identifying the classes and principal amounts outstanding for each at the end of the year.

L Enter the sum of the daily accruals determined under section 860E(c) for the calendar year **▶** 0

Schedule L Balance Sheets per Books		(a) Beginning of year	(b) End of year
<b>Assets</b>			
1 Permitted investments (see page 7 of the instructions):			
a Cash flow investments		0	0
b Qualified reserve assets		0	0
c Foreclosure property		0	0
2 Qualified mortgages		562,926,103	554,302,369
3 Other assets (attach schedule)	SEE SCHEDULE # 1	(655,254)	(82,991)
4 Total assets		562,270,849	554,219,378
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule)	SEE SCHEDULE # 1	31,357	80,768
6 Other liabilities (attach schedule)	SEE SCHEDULE # 1	(1,056,071)	(642,578)
7 Regular interests in REMIC		562,926,103	554,302,369
8 Residual interest holders' capital accounts		369,460	478,820
9 Total liabilities and capital		562,270,849	554,219,378

### Schedule M Reconciliation of Residual Interest Holders' Capital Accounts (Show reconciliation of each residual interest holder's capital account quarterly on Schedule Q (Form 1066), Item F.)

(a) Residual interest holders' capital accounts at beginning of year	(b) Capital contributed during year	(c) Taxable income (or net loss) from Section 1, line 15	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Residual interest holders' capital accounts at end of year (combine cols. (a) through (f))
369,460	374,907	109,360	0	0	(374,907)	478,820

GRA

Form 1066 (2003)

RESTRICTED CONFIDENTIAL  
WF021713

CONFIDENTIAL

OCM-SFE-BK317623



Form **4797**Department of the Treasury  
Internal Revenue Service (99)**Sales of Business Property**  
**(Also Involuntary Conversions and Recapture Amounts**  
**Under Sections 179 and 280F(b)(2))**

▶ Attach to your tax return. ▶ See separate instructions.

OMB No. 1545-0184

**2003**Attachment  
Sequence No. 27Name(s) shown on return **Merrill Lynch Mortgage Investors, Inc.,****Mtg. P/T Certificates Series 1999-C1 REMIC I**

Identifying number

**52-2207243****1** Enter the gross proceeds from sales or exchanges reported to you for 2003 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).**1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year (See instructions.)**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) for entire year. Subtract (f) from the sum of (d) and (e)	(h) Post-May 5, 2003, gain or (loss)* (see below)
<b>2</b>							
<b>3</b> Gain, if any, from Form 4684, line 39							
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 28 or 37							
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824							
<b>6</b> Gain, if any, from line 32, from other than casualty or theft							
<b>7</b> Combine lines 2 through 6 in columns (g) and (h). Enter the gain or (loss) here and on the appropriate line as follows: <b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below. <b>All others.</b> If line 7, column (g), is zero or a loss, enter that amount on line 11 below and skip lines 8, 9, and 12. If line 7, column (g), is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain or (loss) in each column as a long-term capital gain or (loss) on Schedule D and skip lines 8, 9, 11, and 12 below.							
<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions)							
<b>9</b> Subtract line 8 from line 7. If line 9, column (g) is zero or less, enter -0- in column (g). If line 9, column (g), is zero, enter the gain from line 7, column (g), on line 12 below. If line 9, column (g), is more than zero, enter the amount from line 8, column (g), on line 12 below and include the gain or (loss) in each column of line 9 as long-term capital gain or (loss) on Schedule D (see instructions)							

\*Corporations (other than S corporations) should not complete column (h). Partnerships and S corporations must complete column (h). All others must complete column (h) only if line 7, column (g), is a gain and the amount, if any, on line 8, column (g), does not equal or exceed the gain on line 7, column (g). Include in column (h) all gains and losses from column (g) from sales, exchanges or conversions (including installment payments received) after May 5, 2003. However, do not include gain attributable to unrecaptured section 1250 gain.

**Part II Ordinary Gains and Losses****10** Ordinary gains and losses not included on lines 11 through 17 (including property held 1 year or less):

REO Liquidations	Various	Various					
						<b>\$12,506</b>	<b>(\$12,506)</b>
<b>11</b> Loss, if any, from line 7, column (g)						<b>11</b>	<b>( )</b>
<b>12</b> Gain, if any, from line 7, column (g), or amount from line 8, column (g), if applicable						<b>12</b>	
<b>13</b> Gain, if any, from line 31						<b>13</b>	
<b>14</b> Net gain or (loss) from Form 4684, lines 31 and 38a						<b>14</b>	
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36						<b>15</b>	
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824						<b>16</b>	
<b>17</b> Recapture of section 179 expense deduction for partners and S corporation shareholders for property dispositions from 2002-2003 fiscal year partnerships and S corporations (see instructions)						<b>17</b>	
<b>18</b> Combine lines 10 through 17. Enter gain or (loss) here and on the appropriate line as follows: <b>a</b> For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed. <b>b</b> For individual returns: (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions. (2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14						<b>18</b>	<b>(\$12,506)</b>
						<b>18b(1)</b>	
						<b>18b(2)</b>	

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Cat. No. 130861

Form 4797 (2003)

RESTRICTED CONFIDENTIAL  
WF021714

CONFIDENTIAL

OCM-SFE-BK317624

**Part III****Gain From Disposition of Property Under Section 1245, 1250, 1252, 1254, and 1255**

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D.		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale	21	
22	Depreciation (or depletion) allowed or allowable	22	
23	Adjusted basis. Subtract line 22 from line 21	23	
24	Total gain. Subtract line 23 from line 20	24	
25	If section 1245 property:		
a	Depreciation allowed or allowable from line 22	25a	
b	Enter the smaller of line 24 or 25a	25b	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
a	Additional depreciation after 1975 (see instructions)	26a	
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c	
d	Additional depreciation after 1969 and before 1976	26d	
e	Enter the smaller of line 26c or 26d	26e	
f	Section 291 amount (corporations only)	26f	
g	Add lines 26b, 26e, and 26f	26g	
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).		
a	Soil, water, and land clearing expenses	27a	
b	Line 27a multiplied by applicable percentage (see instructions)	27b	
c	Enter the smaller of line 24 or 27b	27c	
28	If section 1254 property:		
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a	
b	Enter the smaller of line 24 or 28a	28b	
29	If section 1255 property:		
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a	
b	Enter the smaller of line 24 or 29a (see instructions)	29b	

**Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.**

30	Total gains for all properties. Add property columns A through D, line 24	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6, column (g), and, if applicable, column (h)	32	

**Part IV****Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(See instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation. See instructions	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

CRA

Form 4797 (2003)

RESTRICTED CONFIDENTIAL  
WF021715

CONFIDENTIAL

OCM-SFE-BK317625

Form 1066

**SCHEDULE #1 - Schedule L****Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I****EIN: 52-2207243****Tax Year Ended December 31, 2003****Line 3 - Other Assets**

Type of Other Assets	12/31/2002	12/31/2003
Interest Receivable	0	0
Collateral Cumulative Interest Shortfall	0	0
Collateral Prem (Disc) Remaining	(655,254)	(82,991)
<b>Total</b>	<b>(655,254)</b>	<b>(82,991)</b>

**Line 5 - Current Liabilities**

Type of Current Liabilities	12/31/2002	12/31/2003
Administrative Fees Payable	31,357	80,768
Interest Payable	0	0
<b>Total</b>	<b>31,357</b>	<b>80,768</b>

**Line 6 - Other Liabilities**

Type of Other Liabilities	12/31/2002	12/31/2003
Security Cumulative Interest Shortfall	0	0
Security Prem (Disc) Remaining	(1,056,071)	(642,578)
<b>Total</b>	<b>(1,056,071)</b>	<b>(642,578)</b>

RESTRICTED CONFIDENTIAL  
WF021716

CONFIDENTIAL

OCM-SFE-BK317626

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended March 31, 2003

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>13-5674085</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Merrill Lynch C7 Co PO Box 1326 Newark, NJ 17101 Attn: D. Bandola</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(5)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.39** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
369,460	0	5,447	0	0	(374,907)	0

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	<b>30,639</b>
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter	<b>5,447</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	<b>0</b>
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter	<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)	<b>5,447</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.	<b>144,570</b>
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)	<b>26,701</b>

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021717

CONFIDENTIAL

OCM-SFE-BK317627

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**  
For calendar quarter ended March 31, 2003

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>75-2511700</b>	REMIC's identifying number <b>62-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

<b>1</b> Before change	<b>.000000</b> %
<b>2</b> End of quarter	<b>100.000000</b> %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

<b>1</b> Real estate assets under section 856(c)(5)(B)	<b>*</b> %
<b>2</b> Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association)	<b>33.39</b> %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
0	374,907	25,192	0	0	0	400,098

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	<b>30,639</b>
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter	<b>25,192</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	<b>0</b>
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter	<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)	<b>25,192</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.	
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	<b>144,570</b>
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)	<b>118,869</b>

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64187S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021718

CONFIDENTIAL

OCM-SFE-BK317628

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended June 30, 2003

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number

75-2511700

REMIC's identifying number

52-2207243

Residual interest holder's name, address, and ZIP code

Residual Interest Investment LP  
C/O C-Bass  
355 Madison Ave, 19th Floor  
New York, NY 10017

REMIC's name, address, and ZIP code

Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I  
9062 Old Annapolis Road  
Columbia, MD 21045

A What type of entity is this residual interest holder (see Form 1066 instructions)?

PARTNERSHIP

B Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change 100.000000 %  
2 End of quarter 100.000000 %

C Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B) \* %  
2 Assets described in section 7701(a)(19)(C) (relating to the  
definition of a domestic building and loan association) 33.38 %

D Internal Revenue Service Center where REMIC files return

Ogden, UT

E Check applicable boxes: (1) ☐ Final Schedule Q(2) ☐ Amended Schedule Q

F Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
400,098	0	28,915	0	0	0	429,013

Caution: See Instructions on page 2 before entering information from this schedule on your tax return.

1a Taxable income (net loss) of the REMIC for the calendar quarter	28,915
b Your share of the taxable income (net loss) for the calendar quarter	28,915
2a Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0
b Sum of the daily accruals under section 860E for your interest for the calendar quarter	0
c Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)	28,915
3 Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 Instructions.) Not required to be completed for other entities.	
a Section 212 expenses of the REMIC for the calendar quarter	137,755
b Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)	137,755

For Paperwork Reduction Act Notice, see Form 1066 Instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.  
CRARESTRICTED CONFIDENTIAL  
WF021719

CONFIDENTIAL

OCM-SFE-BK317629



**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended September 30, 2003

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>75-2511700</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the  
 definition of a domestic building and loan association) **33.48** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
429,013	0	18,663	0	0	0	447,676

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	<b>18,663</b>
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter	<b>18,663</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	<b>0</b>
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter	<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)	<b>18,663</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.	
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	<b>174,083</b>
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)	<b>174,083</b>

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64187S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021720

CONFIDENTIAL

OCM-SFE-BK317630



**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended December 31, 2003

(See instructions on page 2.)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 75-2511700	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.53** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
447,676	0	31,144	0	0	0	478,820

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	<b>31,144</b>
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter	<b>31,144</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	<b>0</b>
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter	<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)	<b>31,144</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.	
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	<b>179,897</b>
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)	<b>179,897</b>

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021721

CONFIDENTIAL

OCM-SFE-BK317631

Form **1066**  
Department of the Treasury  
Internal Revenue Service

# U.S Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return

For calendar year 2004 or short tax year beginning  
ending \_\_\_\_\_

See separate instructions.

OMB No. 1545-1014

**2004**

<b>Please Type or Print</b>	Name	Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I	A Employer identification number	52-2207243
	Number, street, and room or suite no. (If a P.O. box, see page 4 of the instructions.)	9062 Old Annapolis Road	B Date REMIC started	November 04, 1999
	City or town, state, and ZIP code	Columbia, MD 21045	C Enter total assets at end of tax year	\$ 507,911,592

D Check applicable boxes : (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

## Section I - Computation of Taxable Income or Net Loss

### Income (excluding amounts from prohibited transactions)

1	Taxable interest	1	
2	Accrued market discount under section 860C(b)(1)(B)	2	43,692,705
3	Capital gain or (loss) (Schedule D)	3	
4	Ordinary gain or (loss) (attach Form 4797)	4	(629,211)
5	Other income (attach schedule - see page 4 of the instructions) Forgiveness of indebtedness	5	630,554
6	Total income (loss). Add lines 1 through 5	6	43,694,049

### Deductions (excluding amounts allocable to prohibited transactions)

7	Salaries and wages	7	
8	Rent	8	
9	Amount accrued to regular interest holders in the REMIC that is deductible as interest	9	42,401,708
10	Other interest	10	
11	Taxes	11	
12	Depreciation (see page 5 of the instructions)	12	
13	Other deductions (attach schedule)	13	1,203,819
14	Total deductions. Add lines 7 through 13	14	43,605,527
15	Taxable income (or net loss). Subtract line 14 from line 6. Enter here and on Schedule M, column (c)	15	88,522

## Section II - Tax and Payments

1	Total tax (Schedule J, line 12)	1	NONE
2	Tax paid with: <input type="checkbox"/> Form 8736 <input type="checkbox"/> Form 8800	2	
3	Tax Due. Enter excess of line 1 over line 2. (See Payment of Tax Due on page 3 of the instructions.)	3	
4	Overpayment. Enter excess of line 2 over line 1	4	

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature	Date	May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/> Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	Wells Fargo Bank, N.A. 9062 Old Annapolis Road, Columbia, MD 21045	EIN 94-1347393 Phone no. (410) 884-2000

For Privacy Act and Paperwork Reduction Act Notice, see page 8 of the instructions.

Cat. No. 64383U

Form **1066** (2004)

CRA

Exhibit "I"

RESTRICTED CONFIDENTIAL  
WF021677

CONFIDENTIAL

OCM-SFE-BK317632

Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2004)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Page 2

**Schedule D** **Capital Gains and Losses** (Caution: Use Form 4797 instead of Schedule D if the startup day was after November 11, 1991. See page 5 of the instructions.)**Part I - Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see page 5 of the instructions)	(e) Cost or other basis (see page 5 of the instructions)	(f) Gain (loss) ((d) minus (e))
1					
2 Short-term capital gain from installment sales from Form 6252					2
3 Short-term capital loss carryover					3
4 Net short-term capital gain or (loss). Combine lines 1 through 3					4 NONE

**Part II - Long-Term Capital Gains and Losses - Assets Held More Than One Year**

5					
6 Long-term capital gain from installment sales from Form 6252					6
7 Capital gain distributions					7
8 Enter gain, if applicable, from Form 4797					8
9 Long-term capital loss carryover					9
10 Net long-term capital gain or (loss). Combine lines 5 through 9					10 NONE

**Part III - Summary of Parts I and Part II**

11 Combine lines 4 and 10 and enter the net gain or (loss) here	11	
12 If line 11 is a gain, enter here and also on line 3, Section I (page 1)	12	
13 If line 11 is a loss, enter here and as a loss on line 3, Section I (page 1), the smaller of: a The amount on line 11; or b (\$ 3,000)	13	NONE

**Part IV - Computation of Capital Loss Carryovers From 2004 to 2005** (Complete this part if the loss on line 11 is more than the loss on line 13.)

14 Enter loss shown on line 4. If none, enter -0- and go to line 19	14	
15 Enter gain shown on line 10. If line 10 is blank or shows a loss, enter -0-	15	
16 Combine lines 14 and 15	16	
17 Enter the smaller of (a) the loss on line 13 or (b) the loss on line 16	17	
18 Subtract line 17 from line 16. This is your short-term capital loss carryover from 2004 to 2005	18	
19 Enter loss from line 10. If none, enter -0- and skip lines 20 through 23	19	
20 Enter gain shown on line 4. If line 4 is blank or shows a loss, enter -0-	20	
21 Combine lines 19 and 20	21	
22 Subtract line 17 from line 13. (Note: If lines 15 through 18 are blank, enter the amount from line 13.)	22	
23 Subtract line 22 from line 21. This is your long-term capital loss carryover from 2004 to 2005	23	NONE

CRA

Form 1066 (2004)

RESTRICTED CONFIDENTIAL  
WF021678

CONFIDENTIAL

OCM-SFE-BK317633

Merrill Lynch Mortgage Investors, Inc.,

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Form 1066 (2004)

Page 3

**Schedule J Tax Computation****Part I - Tax on Net Income From Prohibited Transactions**

1	Income - See page 5 of the instructions.		
a	Gain from certain dispositions of qualified mortgages .....	1a	
b	Income from nonpermitted assets .....	1b	
c	Compensation for services .....	1c	
d	Gain from the disposition of cash flow investments (except from a qualified liquidation) .....	1d	
2	Total income. Add lines 1a through 1d .....	2	
3	Deductions directly connected with the production of income shown on line 2 (excluding deductions attributable to prohibited transactions resulting in a loss) .....	3	
4	Tax on net income from prohibited transactions. Subtract line 3 from line 2 .....	4	NONE

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
 (Caution: See page 6 of the instructions before completing this part.)

5	Net gain or (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) .....	5	
6	Gross income from foreclosure property (attach schedule) .....	6	
7	Total income from foreclosure property. Add lines 5 and 6 .....	7	
8	Deductions directly connected with the production of income shown on line 7 (attach schedule) .....	8	
9	Net income from foreclosure property. Subtract line 8 from line 7 .....	9	
10	Tax on net income from foreclosure property. Enter 35 % of line 9 .....	10	NONE

**Part III - Tax on Contributions After the Startup Day**  
 (Do not complete this part if the startup day was before July 1, 1987. See page 6 of the instructions.)

11	Tax. Enter amount of taxable contributions received during the calendar year after the startup day. See page 6 of the instructions ( attach schedule) .....	11	NONE
----	---	----	------

**Part IV - Total Tax**

12	Total tax. Add lines 4, 10, and 11. Enter here and on page 1, Section II, line 1 .....	12	NONE
----	--	----	------

CRA

Form 1066 (2004)

RESTRICTED CONFIDENTIAL  
WF021679

CONFIDENTIAL

OCM-SFE-BK317634

Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2004)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243  
Page 4**Designation of Tax Matters Person**

Enter below the residual interest holder designated as the tax matters person (TMP) for the calendar year of this return.

Name of designated TMP **▶** Wells Fargo Bank, N.A. Identifying number of TMP **▶** 94-1347393  
 James Brown, Vice President

Address of designated TMP **▶** 9062 Old Annapolis Road  
 Columbia, MD 21045

**Additional Information** (See page 6 of instructions.)

E What type of entity is this REMIC? Check box **▶** ☐ Corporation ☐ Partnership ☒ Trust ☐ Segregated Pool of Assets

If you checked "Segregated Pool of Assets," enter the name and type of entity that owns the assets:  
 Name \_\_\_\_\_ Type \_\_\_\_\_

F Number of residual interest holders in this REMIC **▶** 1

G Check this box if this REMIC is subject to the consolidated entity-level audit procedures of sections 6221 through 6231 **▶** ☒

H At any time during calendar year 2004, did the REMIC have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? **▶** ☐ Yes ☒ No  
 If "Yes", the REMIC may have to file Form TD F 90-22.1. See page 6 of instructions.  
 If "Yes", enter name of foreign country **▶** NOT APPLICABLE

I During the tax year, did the REMIC receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes", see page 6 of the instructions for other forms the REMIC may have to file **▶** ☐ Yes ☒ No

J Enter the amount of the tax-exempt interest accrued during the year **▶** NONE

K Check this box if the REMIC had more than one class of regular interests **▶** ☐  
 If so, attach a schedule identifying the classes and principal amounts outstanding for each at the end of the year.

L Enter the sum of the daily accruals determined under section 860E(c) for the calendar year **▶** 0

<b>Schedule L Balance Sheets per Books</b>		(a) Beginning of year	(b) End of year
<b>Assets</b>			
1 Permitted investments (see page 7 of the instructions):			
a Cash flow investments		0	0
b Qualified reserve assets		0	1,006
c Foreclosure property		0	0
2 Qualified mortgages		554,302,369	507,671,232
3 Other assets (attach schedule)	SEE SCHEDULE # 1	(82,991)	239,355
4 Total assets		554,219,378	507,911,592
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule)	SEE SCHEDULE # 1	80,768	117,519
6 Other liabilities (attach schedule)	SEE SCHEDULE # 1	(642,578)	(444,660)
7 Regular interests in REMIC		554,302,369	507,671,391
8 Residual interest holders' capital accounts		478,820	567,342
9 Total liabilities and capital		554,219,378	507,911,592

**Schedule M Reconciliation of Residual Interest Holders' Capital Accounts** (Show reconciliation of each residual interest holder's capital account quarterly on Schedule Q (Form 1066), Item F.)

(a) Residual interest holders' capital accounts at beginning of year	(b) Capital contributed during year	(c) Taxable income (or net loss) from Section I, line 15	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Residual interest holders' capital accounts at end of year (combine cols. (a) through (f))
478,820	0	88,522	0	0	0	567,342

CRA

Form 1066 (2004)

RESTRICTED CONFIDENTIAL  
WF021680

CONFIDENTIAL

OCM-SFE-BK317635

Form **4797**Department of the Treasury  
Internal Revenue Service (99)**Sales of Business Property**  
**(Also Involuntary Conversions and Recapture Amounts**  
**Under Sections 179 and 280F(b)(2))**

▶ Attach to your tax return.

▶ See separate instructions.

OMB No. 1545-0184

**2004**Attachment  
Sequence No. 27Name(s) shown on return **Merrill Lynch Mortgage Investors, Inc.,**  
**Mtg. P/T Certificates Series 1999-C1 REMIC I**Identifying number  
**52-2207243**

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2004 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) .....

1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year (See instructions.)**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						
3 Gain, if any, from Form 4684, line 39 .....						3
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 .....						4
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .....						5
6 Gain, if any, from line 32, from other than casualty or theft .....						6
7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: .....						7
<b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.						
<b>All others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.						
8 Nonrecaptured net section 1231 losses from prior years (see instructions) .....						8
9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions) .....						9

**Part II Ordinary Gains and Losses**

- 10 Ordinary gains and losses not included on lines 11 through 16 (including property held 1 year or less):

REO Liquidations	Various	Various			\$629,211	(\$629,211)
11 Loss, if any, from line 7 .....						11 ( )
12 Gain, if any, from line 7 or amount from line 8, if applicable .....						12
13 Gain, if any, from line 31 .....						13
14 Net gain or (loss) from Form 4684, lines 31 and 38a .....						14
15 Ordinary gain from installment sales from Form 6252, line 25 or 36 .....						15
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 .....						16
17 Combine lines 10 through 16 .....						17 (\$629,211)
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:						
a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions .....						18a
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 .....						18b

For Paperwork Reduction Act Notice, see page 8 of the instructions.

Cat. No. 130861

Form 4797 (2004)

RESTRICTED CONFIDENTIAL  
WF021681

CONFIDENTIAL

OCM-SFE-BK317636



Merrill Lynch Mortgage Investors, Inc.,  
Form 4797 (2004)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Page 2

**Part III** Gain From Disposition of Property Under Section 1245, 1250, 1252, 1254, and 1255

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property :	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale.	21	
22	Depreciation (or depletion) allowed or allowable.	22	
23	Adjusted basis. Subtract line 22 from line 21.	23	
24	Total gain. Subtract line 23 from line 20.	24	
25	If section 1245 property:		
	a Depreciation allowed or allowable from line 22.	25a	
	b Enter the smaller of line 24 or 25a.	25b	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
	a Additional depreciation after 1975 (see instructions).	26a	
	b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions).	26b	
	c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e.	26c	
	d Additional depreciation after 1969 and before 1976.	26d	
	e Enter the smaller of line 26c or 26d.	26e	
	f Section 291 amount (corporations only).	26f	
	g Add lines 26b, 26e, and 26f.	26g	
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).		
	a Soil, water, and land clearing expenses.	27a	
	b Line 27a multiplied by applicable percentage (see instructions).	27b	
	c Enter the smaller of line 24 or 27b.	27c	
28	If section 1254 property:		
	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions).	28a	
	b Enter the smaller of line 24 or 28a.	28b	
29	If section 1255 property:		
	a Applicable percentage of payments excluded from income under section 126 (see instructions).	29a	
	b Enter the smaller of line 24 or 29a (see instructions).	29b	
<b>Summary of Part III Gains.</b> Complete property columns A through D through line 29b before going to line 30.			
30	Total gains for all properties. Add property columns A through D, line 24.	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13.	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6.	32	

**Part IV** Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less  
(See instructions.)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years.	33	
34 Recomputed depreciation. See instructions.	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report.	35	

CRA

Form 4797 (2004)

RESTRICTED CONFIDENTIAL  
WF021682

CONFIDENTIAL

OCM-SFE-BK317637



**Form 1066****SCHEDULE #1 - Schedule L**

**Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I**

**EIN: 52-2207243**

**For Tax Year Ended December 31, 2004**

**Schedule L****Line 3 - Other Assets**

Type of Other Assets	12/31/2003	12/31/2004
Interest Receivable	0	0
Collateral Cumulative Interest Shortfall	0	0
Collateral Prem (Disc) Remaining	(82,991)	239,355
<b>Total</b>	<b>(82,991)</b>	<b>239,355</b>

**Line 5 - Current Liabilities**

Type of Other Current Liabilities	12/31/2003	12/31/2004
Administrative Fees Payable	80,768	117,519
Interest Payable	0	0
<b>Total</b>	<b>80,768</b>	<b>117,519</b>

**Line 6 - Other Liabilities**

Type of Other Liabilities	12/31/2003	12/31/2004
Security Cumulative Interest Shortfall	0	0
Security Prem (Disc) Remaining	(642,578)	(444,660)
<b>Total</b>	<b>(642,578)</b>	<b>(444,660)</b>

RESTRICTED CONFIDENTIAL  
WF021683

CONFIDENTIAL

OCM-SFE-BK317638

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended March 31, 2004

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>75-2511700</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(5)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **33.69** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes : **(1)** ☐ Final Schedule Q **(2)** ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
478,820	0	251,570	0	0	0	730,390

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	251,570	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		251,570
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		251,570
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	357,999	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)		357,999

**For Paperwork Reduction Act Notice, see Form 1066 instructions.** Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)**\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.****CRA**RESTRICTED CONFIDENTIAL  
WF021684

CONFIDENTIAL

OCM-SFE-BK317639

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended June 30, 2004

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>75-2511700</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **32.67** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
730,390	0	(261,312)	0	0	0	469,078

**Caution:** See Instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	(261,312)	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		(261,312)
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		0
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	217,974	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)		217,974

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021685

CONFIDENTIAL

OCM-SFE-BK317640

**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended September 30, 2004

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>75-2511700</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B) **\*** %  
 2 Assets described in section 7701(a)(19)(C) (relating to the  
 definition of a domestic building and loan association) **32.62** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
469,078	0	433,970	0	0	0	903,048

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	<b>433,970</b>	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		<b>433,970</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	<b>0</b>	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		<b>433,970</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	<b>330,722</b>	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		<b>330,722</b>

**For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)**

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021686

CONFIDENTIAL

OCM-SFE-BK317641

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended December 31, 2004

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>75-2511700</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

<b>1</b> Before change	<b>100.000000</b> %
<b>2</b> End of quarter	<b>100.000000</b> %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

<b>1</b> Real estate assets under section 856(c)(5)(B)	<b>*</b> %
<b>2</b> Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association)	<b>30.46</b> %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
903,048	0	(335,706)	0	0	0	567,342

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	(335,706)	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		(335,706)
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		0
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.	297,123	
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter		
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)		297,123

**For Paperwork Reduction Act Notice, see Form 1066 instructions.** Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

RESTRICTED CONFIDENTIAL  
WF021687

CONFIDENTIAL

OCM-SFE-BK317642

<b>Form 1066</b> Department of the Treasury Internal Revenue Service	<b>U.S Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return</b> For calendar year 2005 See separate instructions.	OMB No. 1545-1014  <div style="font-size: 24pt; font-weight: bold; text-align: center;">2005</div>
--	--	--

<b>Please Type or Print</b>	Name Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I	A Employer identification number 52-2207243
	Number, street, and room or suite no. (If a P.O. box, see instructions.) 9062 Old Annapolis Road	B Date REMIC started November 04, 1999
	City or town, state, and ZIP code Columbia, MD 21045	C Enter total assets at end of tax year \$472,161,453

D Check applicable boxes : (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return

**Section I - Computation of Taxable Income or Net Loss****Income (excluding amounts from prohibited transactions)**

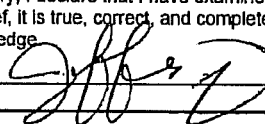
1 Taxable interest .....	1	
2 Accrued market discount under section 860C(b)(1)(B) .....	2	38,890,005
3 Capital gain or (loss) (Schedule D) .....	3	
4 Ordinary gain or (loss) (attach Form 4797) .....	4	(10,134,898)
5 Other income (attach schedule - see instructions) .....	5	10,241,161
6 Total income (loss). Add lines 1 through 5 .....	6	38,996,268

**Deductions (excluding amounts allocable to prohibited transactions)**

7 Salaries and wages .....	7	
8 Rent .....	8	
9 Amount accrued to regular interest holders in the REMIC that is deductible as interest .....	9	37,148,003
10 Other interest .....	10	
11 Taxes .....	11	
12 Depreciation (see instructions) .....	12	
13 Other deductions (attach schedule) .....	13	2,073,866
14 Total deductions. Add lines 7 through 13 .....	14	39,221,869
15 Taxable income (or net loss). Subtract line 14 from line 6. Enter here and on Schedule M, column (c) .....	15	(225,601)

**Section II - Tax and Payments**

1 Total tax (Schedule J, line 12) .....	1	NONE
2 Tax paid with: <input type="checkbox"/> Form 7004 .....	2	
3 Tax Due. Enter excess of line 1 over line 2. (See Payment of Tax Due in instructions.) .....	3	
4 Overpayment. Enter excess of line 2 over line 1 .....	4	

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	 Signature	Date 2/9/06	May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check If self-employed <input type="checkbox"/> Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code Wells Fargo Bank, N.A. 9062 Old Annapolis Road, Columbia, MD 21045		EIN 94-1347393 Phone no. (410) 884-2000

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 64383U

Form 1066 (2005)

CRA

Exhibit "J"

RESTRICTED CONFIDENTIAL  
WF021637

CONFIDENTIAL

OCM-SFE-BK317643



Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2005)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Page 2

**Schedule D Capital Gains and Losses** (Caution: Use Form 4797 instead of Schedule D if the startup day was after November 11, 1991. See instructions.)**Part I - Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain (loss) ((d) minus (e))
1					
2 Short-term capital gain from installment sales from Form 6252				2	
3 Short-term capital loss carryover				3	
4 Net short-term capital gain or (loss). Combine lines 1 through 3				4	NONE

**Part II - Long-Term Capital Gains and Losses - Assets Held More Than One Year**

5					
6 Long-term capital gain from installment sales from Form 6252				6	
7 Capital gain distributions				7	
8 Enter gain, if applicable, from Form 4797				8	
9 Long-term capital loss carryover				9	
10 Net long-term capital gain or (loss). Combine lines 5 through 9				10	NONE

**Part III - Summary of Parts I and Part II**

11 Combine lines 4 and 10 and enter the net gain or (loss) here	11	
12 If line 11 is a gain, enter here and also on line 3, Section I (page 1)	12	
13 If line 11 is a loss, enter here and as a loss on line 3, Section I (page 1), the smaller of: a The loss on line 11; or b (\$ 3,000).	13	NONE

**Part IV - Computation of Capital Loss Carryovers From 2005 to 2006** (Complete this part if the loss on line 11 is more than the loss on line 13.)

14 Enter loss from line 4. If none, enter -0- and go to line 19	14	
15 Enter gain from line 10. If line 10 is blank or shows a loss, enter -0-	15	
16 Combine lines 14 and 15	16	
17 Enter the smaller of (a) the loss on line 13 or (b) the loss on line 16	17	
18 Subtract line 17 from line 16. This is your short-term capital loss carryover from 2005 to 2006	18	
19 Enter loss from line 10. If none, enter -0- and skip lines 20 through 23	19	
20 Enter gain from line 4. If line 4 is blank or shows a loss, enter -0-	20	
21 Combine lines 19 and 20	21	
22 Subtract line 17 from line 13. (Note: If lines 15 through 18 are blank, enter the amount from line 13.)	22	
23 Subtract line 22 from line 21. This is your long-term capital loss carryover from 2005 to 2006	23	NONE

Form 1066 (2005)

RESTRICTED CONFIDENTIAL  
WF021638

CONFIDENTIAL

OCM-SFE-BK317644



Merrill Lynch Mortgage Investors, Inc.,

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Form 1066 (2005)

Page 3

**Schedule J Tax Computation****Part I - Tax on Net Income From Prohibited Transactions**

<b>1</b> Income - See instructions.		
<b>a</b> Gain from certain dispositions of qualified mortgages .....	<b>1a</b>	
<b>b</b> Income from nonpermitted assets .....	<b>1b</b>	
<b>c</b> Compensation for services .....	<b>1c</b>	
<b>d</b> Gain from the disposition of cash flow investments (except from a qualified liquidation) .....	<b>1d</b>	
<b>2</b> Total income. Add lines 1a through 1d .....	<b>2</b>	
<b>3</b> Deductions directly connected with the production of income shown on line 2 (excluding deductions attributable to prohibited transactions resulting in a loss) .....	<b>3</b>	
<b>4</b> Tax on net income from prohibited transactions. Subtract line 3 from line 2 .....	<b>4</b>	NONE

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
(Caution: See instructions before completing this part.)

<b>5</b> Net gain or (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) .....	<b>5</b>	
<b>6</b> Gross income from foreclosure property (attach schedule) .....	<b>6</b>	
<b>7</b> Total income from foreclosure property. Add lines 5 and 6 .....	<b>7</b>	
<b>8</b> Deductions directly connected with the production of income shown on line 7 (attach schedule) .....	<b>8</b>	
<b>9</b> Net income from foreclosure property. Subtract line 8 from line 7 .....	<b>9</b>	
<b>10</b> Tax on net income from foreclosure property. Enter 35 % of line 9 .....	<b>10</b>	NONE

**Part III -- Tax on Contributions After the Startup Day**  
(Do not complete this part if the startup day was before July 1, 1987. See instructions.)

<b>11</b> Tax. Enter amount of taxable contributions received during the calendar year after the startup day. See instructions ( attach schedule) .....	<b>11</b>	NONE
---	-----------	------

**Part IV - Total Tax**

<b>12</b> Total tax. Add lines 4, 10, and 11. Enter here and on page 1, Section II, line 1 .....	<b>12</b>	NONE
--	-----------	------

Form 1066 (2005)

RESTRICTED CONFIDENTIAL  
WF021639

CONFIDENTIAL

OCM-SFE-BK317645

Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2005)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Page 4

**Designation of Tax Matters Person**

Enter below the residual interest holder designated as the tax matters person (TMP) for the calendar year of this return.

Name of designated TMP	Wells Fargo Bank, N.A. James Brown, Vice President	Identifying number of TMP	94-1347393
Address of designated TMP	9062 Old Annapolis Road Columbia, MD 21045		

**Additional Information (See instructions.)**

E What type of entity is this REMIC? Check box ☐ Corporation ☐ Partnership ☒ Trust ☐ Segregated Pool of Assets

If you checked "Segregated Pool of Assets," enter the name and type of entity that owns the assets:  
Name ..... Type .....

F Number of residual interest holders in this REMIC ..... 2

G Check this box if this REMIC is subject to the consolidated entity-level audit procedures of sections 6221 through 6231 ..... ☒

H At any time during calendar year 2005, did the REMIC have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? ..... ☐ Yes ☒ No  
If "Yes", the REMIC may have to file Form TD F 90-22.1. See instructions.  
If "Yes", enter name of foreign country ..... NOT APPLICABLE

I During the tax year, did the REMIC receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes", see instructions for other forms the REMIC may have to file ..... ☐ Yes ☒ No

J Enter the amount of the tax-exempt interest accrued during the year ..... NONE

K Check this box if the REMIC had more than one class of regular interests ..... ☐  
If so, attach a schedule identifying the classes and principal amounts outstanding for each at the end of the year.

L Enter the sum of the daily accruals determined under section 860E(c) for the calendar year ..... 0

<b>Schedule L Balance Sheets per Books</b>		(a) Beginning of year	(b) End of year
<b>Assets</b>			
1 Permitted investments (see instructions):			
a Cash flow investments		0	0
b Qualified reserve assets		1,006	1,006
c Foreclosure property		0	0
2 Qualified mortgages		507,671,232	472,301,618
3 Other assets (attach schedule) ..... SEE SCHEDULE # 1		239,355	(141,170)
4 Total assets		507,911,592	472,161,453
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule) ..... SEE SCHEDULE # 1		117,519	(37,558)
6 Other liabilities (attach schedule) ..... SEE SCHEDULE # 1		(444,660)	(444,348)
7 Regular interests in REMIC		507,671,391	472,301,618
8 Residual interest holders' capital accounts		567,342	341,741
9 Total liabilities and capital		507,911,592	472,161,453

**Schedule M Reconciliation of Residual Interest Holders' Capital Accounts** (Show reconciliation of each residual interest holder's capital account quarterly on Schedule Q (Form 1066), Item F.)

(a) Residual interest holders' capital accounts at beginning of year	(b) Capital contributed during year	(c) Taxable income (or net loss) from Section I, line 15	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Residual interest holders' capital accounts at end of year (combine cols. (a) through (f))
567,342	596,593	(225,601)	0	0	(596,593)	341,741

Form 1066 (2005)

RESTRICTED CONFIDENTIAL  
WF021640

CONFIDENTIAL

OCM-SFE-BK317646

Form **4797**Department of the Treasury  
Internal Revenue Service (99)**Sales of Business Property**  
**(Also Involuntary Conversions and Recapture Amounts**  
**Under Sections 179 and 280F(b)(2))**

▶ Attach to your tax return.

▶ See separate instructions.

OMB No. 1545-0184

**2005**Attachment  
Sequence No. 27

Name(s) shown on return <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I</b>	Identifying number <b>52-2207243</b>
--	---

**1** Enter the gross proceeds from sales or exchanges reported to you for 2005 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) **1**

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year** (See instructions.)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>2</b>						
<b>3</b> Gain, if any, from Form 4684, line 42						<b>3</b>
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37						<b>4</b>
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824						<b>5</b>
<b>6</b> Gain, if any, from line 32, from other than casualty or theft						<b>6</b>
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:						<b>7</b>
<b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.						
<b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						
<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions)						<b>8</b>
<b>9</b> Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).						<b>9</b>

**Part II Ordinary Gains and Losses** (see instructions)**10** Ordinary gains and losses not included on lines 11 through 16 (including property held 1 year or less):

REO Liquidations	Various	Various			\$10,134,898	(\$10,134,898)
<b>11</b> Loss, if any, from line 7						<b>11</b> ( )
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable						<b>12</b>
<b>13</b> Gain, if any, from line 31						<b>13</b>
<b>14</b> Net gain or (loss) from Form 4684, lines 34 and 41a						<b>14</b>
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36						<b>15</b>
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824						<b>16</b>
<b>17</b> Combine lines 10 through 16						<b>17</b> (\$10,134,898)
<b>18</b> For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:						
<b>a</b> If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions.						<b>18a</b>
<b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14						<b>18b</b>

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086i

Form **4797** (2005)

CRA

RESTRICTED CONFIDENTIAL  
WF021641

CONFIDENTIAL

OCM-SFE-BK317647

Merrill Lynch Mortgage Investors, Inc.,  
Form 4797 (2005)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Page 2

**Part III Gain From Disposition of Property Under Section 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property :		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20			
21	Cost or other basis plus expense of sale	21			
22	Depreciation (or depletion) allowed or allowable	22			
23	Adjusted basis. Subtract line 22 from line 21	23			
24	Total gain. Subtract line 23 from line 20	24			
25	<b>If section 1245 property:</b>				
a	Depreciation allowed or allowable from line 22	25a			
b	Enter the smaller of line 24 or 25a	25b			
26	<b>If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g			
27	<b>If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage (see instructions)	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	<b>If section 1254 property:</b>				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	<b>If section 1255 property:</b>				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation. See instructions	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Form 4797 (2005)

RESTRICTED CONFIDENTIAL  
WF021642

CONFIDENTIAL

OCM-SFE-BK317648

Form **7004**(Rev. December 2005)  
Department of the Treasury  
Internal Revenue Service**Application for Automatic 6-Month Extension of Time to File  
Certain Business Income Tax, Information, and Other Returns**

OMB No. 1545-0233

File a separate application for each return.

**Type or  
Print**File by the due  
date for the  
return for which  
an extension is  
requested. See  
instructions.Name **Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I**Taxpayer identification number  
**52-2207243**

Number, street, and room or suite no. If a P.O. box, see instructions.

**9062 Old Annapolis Road**

City or town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)).

**Columbia, MD 21045****Caution: Carefully complete all items. Incorrect information may cause delay or rejection.**1 Enter only one code for type of return that this automatic 6-month extension is for (see below) 1 12 If the foreign corporation does not have an office or place of business in the United States, check here ☐3 If the organization qualifies under Regulations section 1.6081-5 (see instructions), check here ☐

4a For calendar year 2005, or other tax year beginning ....., 20 ....., and ending ....., 20 .....

**b Short tax year.** If this tax year is less than 12 months, check the reason:☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed5 If the organization is a corporation and is the common parent of a group that intends to file consolidated, check here. ☐6 Tentative total tax (see instructions) 6 NONE7 Total payments and credits (see instructions) 7 NONE8 **Balance due.** Subtract line 7 from line 6. **Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions)** 8 NONE

Extension Is For:	Form Code	Extension Is For:	Form Code
Form 706-GS(D)		Form 1120-L	
Form 706-GS(T)		Form 1120-ND	
Form 990-C		Form 1120-ND (section 4951 taxes)	
Form 1041 (estate)		Form 1120-PC	
Form 1041 (trust)		Form 1120-POL	
Form 1041-N		Form 1120-REIT	
Form 1041-QFT		Form 1120-RIC	
Form 1042		Form 1120-S	
Form 1065		Form 1120-SF	
Form 1065-B		Form 3520-A	
Form 1066		Form 8612	
Form 1120		Form 8613	
Form 1120 (subchapter T cooperative)		Form 8725	
Form 1120-A		Form 8804	
Form 1120-F		Form 8831	
Form 1120-FSC		Form 8876	
Form 1120-H			

For Paperwork Reduction Act Notice, see instructions.  
CRA

Cat. No. 13804A

Form **7004** (Rev. 12-2005)RESTRICTED CONFIDENTIAL  
WF021643

CONFIDENTIAL

OCM-SFE-BK317649

## Form 1066

## SCHEDULE #1 - Schedule L

Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC

EIN: 52-2207243

For Tax Year Ended December 31, 2005

**Schedule L****Line 3 - Other Assets**

Type of Other Assets	12/31/2004	12/31/2005
Interest Receivable	0	0
Collateral Cumulative Interest Shortfall	0	0
Collateral Prem (Disc) Remaining	239,355	(141,170)
<b>Total</b>	<b>239,355</b>	<b>(141,170)</b>

**Line 5 - Current Liabilities**

Type of Other Current Liabilities	12/31/2004	12/31/2005
Administrative Fees Payable	117,519	(37,558)
Interest Payable	0	0
<b>Total</b>	<b>117,519</b>	<b>(37,558)</b>

**Line 6 - Other Liabilities**

Type of Other Liabilities	12/31/2004	12/31/2005
Security Cumulative Interest Shortfall	0	0
Security Prem (Disc) Remaining	(444,660)	(444,348)
<b>Total</b>	<b>(444,660)</b>	<b>(444,348)</b>

RESTRICTED CONFIDENTIAL  
WF021644

CONFIDENTIAL

OCM-SFE-BK317650

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**  
For calendar quarter ended March 31, 2005

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>75-2511700</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(5)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **30.07** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes : **(1)** ☐ Final Schedule Q **(2)** ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
<b>567,342</b>	<b>0</b>	<b>(11,574)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>555,768</b>

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	<b>(11,574)</b>	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		<b>(11,574)</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	<b>0</b>	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		<b>0</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	<b>391,448</b>	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)		<b>391,448</b>

**For Paperwork Reduction Act Notice, see Form 1066 instructions.** Cat. No. 64167S **Schedule Q (Form 1066)** (Rev. 10-2003)**\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.****CRA****RESTRICTED CONFIDENTIAL**  
**WF021645****CONFIDENTIAL****OCM-SFE-BK317651**



**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**  
**For calendar quarter ended June 30, 2005**

(See instructions on page 2.)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 75-2511700	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Residual Interest Investment LP C/O C-Bass 355 Madison Ave, 19th Floor New York, NY 10017	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **PARTNERSHIP****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(5)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **30.42** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: **(1)** ☐ Final Schedule Q **(2)** ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
555,768	0	40,825	0	0	(596,593)	0

**Caution:** See Instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	74,984	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		40,825
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter. ....	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		40,825
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	148,974	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		81,108

**For Paperwork Reduction Act Notice, see Form 1066 Instructions.** Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)**\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.****CRA**RESTRICTED CONFIDENTIAL  
WF021646

CONFIDENTIAL

OCM-SFE-BK317652

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**  
**For calendar quarter ended June 30, 2005**

(See instructions on page 2.)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 22-1147033	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Wachovia Bank National Association 301 S. College Street, NC0600 Attn: Joe Gleker Charlotte, NC 28202-0600	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(5)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **30.42** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
0	596,593	34,160	0	0	0	630,753

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	74,984	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		34,160
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		34,160
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	148,974	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)		67,866

**For Paperwork Reduction Act Notice, see Form 1066 instructions.** Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)**\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.****CRA**RESTRICTED CONFIDENTIAL  
WF021647

CONFIDENTIAL

OCM-SFE-BK317653

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**  
**For calendar quarter ended September 30, 2005**

(See instructions on page 2.)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 22-1147033	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Wachovia Bank National Association 301 S. College Street, NC0600 Attn: Joe Gieker Charlotte, NC 28202-0600	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(5)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **30.42** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
630,753	0	109,689	0	0	0	740,441

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	109,689	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		109,689
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		109,689
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	1,308,758	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		1,308,758

**For Paperwork Reduction Act Notice, see Form 1066 Instructions.** Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)**\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.****CRA**RESTRICTED CONFIDENTIAL  
WF021648

CONFIDENTIAL

OCM-SFE-BK317654

**SCHEDULE Q**  
**(Form 1066)**(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of**  
**REMIC Taxable Income or Net Loss Allocation**  
For calendar quarter ended December 31, 2005

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number <b>22-1147033</b>	REMIC's identifying number <b>52-2207243</b>
Residual interest holder's name, address, and ZIP code <b>Wachovia Bank National Association 301 S. College Street, NC0600 Attn: Joe Gleker Charlotte, NC 28202-0600</b>	REMIC's name, address, and ZIP code <b>Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 9062 Old Annapolis Road Columbia, MD 21045</b>

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

**1** Before change **100.000000** %  
**2** End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

**1** Real estate assets under section 856(c)(5)(B) **\*** %  
**2** Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association) **31.52** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: **(1)** ☐ Final Schedule Q **(2)** ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
740,441	0	(398,700)	0	0	0	341,741

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	(398,700)	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		(398,700)
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		0
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	224,686	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		224,686

**For Paperwork Reduction Act Notice, see Form 1066 instructions.** Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)**\* More than 95% of the assets are qualifying assets.****\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.**

CRA

RESTRICTED CONFIDENTIAL  
WF021649

CONFIDENTIAL

OCM-SFE-BK317655

Form **1066**  
Department of the Treasury  
Internal Revenue Service

**U.S Real Estate Mortgage Investment Conduit  
(REMIC) Income Tax Return**

For calendar year 2006

OMB No. 1545-1014

**2006**

See separate instructions.

<b>Please Type or Print</b>	Name Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I	<b>A Employer identification number</b> 52-2207243
	Number, street, and room or suite no. (If a P.O. box, see instructions.) 7080 Samuel Morse Drive	<b>B Date REMIC started</b> November 04, 1999
	City or town, state, and ZIP code Columbia, MD 21046	<b>C Enter total assets at end of tax year</b> \$ 454,965,437

D Check applicable boxes : (1) ☐ Final return (2) ☐ Name change (3) ☒ Address change (4) ☐ Amended return

**Section I - Computation of Taxable Income or Net Loss**

**Income (excluding amounts from prohibited transactions)**

1 Taxable interest .....	1	
2 Accrued market discount under section 860C(b)(1)(B) .....	2	38,132,012
3 Capital gain or (loss) (Schedule D) .....	3	
4 Ordinary gain or (loss) (attach Form 4797) .....	4	(2,023,747)
5 Other income (attach schedule - see instructions) .....	5	2,026,294
6 Total income (loss). Add lines 1 through 5 .....	6	38,134,560

**Deductions (excluding amounts allocable to prohibited transactions)**

7 Salaries and wages .....	7	
8 Rent .....	8	
9 Amount accrued to regular interest holders in the REMIC that is deductible as interest .....	9	37,033,529
10 Other interest .....	10	
11 Taxes .....	11	
12 Depreciation (see instructions) .....	12	
13 Other deductions (attach schedule) .....	13	563,310
14 Total deductions. Add lines 7 through 13 .....	14	37,596,839
15 Taxable income (or net loss). Subtract line 14 from line 6. Enter here and on Schedule M, column (c) .....	15	537,721

**Section II - Tax and Payments**

1 Total tax (Schedule J, line 12) .....	1	NONE
2 Payments:		
a Tax paid with Form 7004 .....	2a	
b Credit for federal telephone excise tax paid (attach Form 8913) .....	2b	
c Add lines 2a and 2b .....	2c	
3 Tax due. Enter excess of line 1 over line 2c. (See Payment of Tax Due in instructions.) .....	3	
4 Overpayment. Enter excess of line 2c over line 1 .....	4	

**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature \_\_\_\_\_ Date \_\_\_\_\_

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

**Paid  
Preparer's  
Use Only**

Preparer's signature	Date	Check If self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	Wells Fargo Bank, N.A. 7080 Samuel Morse Drive, Columbia, MD 21046	EIN	94-1347393
		Phone no.	(410) 884-2000

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 64383U

Form **1066** (2006)

CRA

Exhibit "K"

Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2006)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243  
Page 2**Schedule D Capital Gains and Losses** (Caution: Use Form 4797 instead of Schedule D if the startup day was after November 11, 1991. See instructions.)**Part I - Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 shares 7% preferred of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain (loss) ((d) minus (e))
1					
2	Short-term capital gain from installment sales from Form 6252				2
3	Short-term capital loss carryover				3
4	Net short-term capital gain or (loss). Combine lines 1 through 3				4
					NONE

**Part II - Long-Term Capital Gains and Losses - Assets Held More Than One Year**

5					
6	Long-term capital gain from installment sales from Form 6252				6
7	Capital gain distributions				7
8	Enter gain, if applicable, from Form 4797				8
9	Long-term capital loss carryover				9
10	Net long-term capital gain or (loss). Combine lines 5 through 9				10
					NONE

**Part III - Summary of Parts I and Part II**

11	Combine lines 4 and 10 and enter the net gain or (loss) here	11
12	If line 11 is a gain, enter here and also on line 3, Section I (page 1)	12
13	If line 11 is a loss, enter here and as a loss on line 3, Section I (page 1), the smaller of: a The loss on line 11; or b (\$ 3,000)	13
		NONE

**Part IV - Computation of Capital Loss Carryovers From 2006 to 2007** (Complete this part if the loss on line 11 is more than the loss on line 13.)

14	Enter loss from line 4. If none, enter -0- and go to line 19	14
15	Enter gain from line 10. If line 10 is blank or shows a loss, enter -0-	15
16	Combine lines 14 and 15	16
17	Enter the smaller of (a) the loss on line 13 or (b) the loss on line 16	17
18	Subtract line 17 from line 16. This is your short-term capital loss carryover from 2006 to 2007	18
19	Enter loss from line 10. If none, enter -0- and skip lines 20 through 23	19
20	Enter gain from line 4. If line 4 is blank or shows a loss, enter -0-	20
21	Combine lines 19 and 20	21
22	Subtract line 17 from line 13. (Note: If lines 15 through 18 are blank, enter the amount from line 13.)	22
23	Subtract line 22 from line 21. This is your long-term capital loss carryover from 2006 to 2007	23
		NONE

Form 1066 (2006)



Merrill Lynch Mortgage Investors, Inc.,

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Form 1066 (2006)

Page 3

**Schedule J Tax Computation****Part I - Tax on Net Income From Prohibited Transactions**

<b>1</b> Income - See instructions.		
<b>a</b> Gain from certain dispositions of qualified mortgages .....	<b>1a</b>	
<b>b</b> Income from nonpermitted assets .....	<b>1b</b>	
<b>c</b> Compensation for services .....	<b>1c</b>	
<b>d</b> Gain from the disposition of cash flow investments (except from a qualified liquidation) .....	<b>1d</b>	
<b>2</b> <b>Total</b> income. Add lines 1a through 1d .....	<b>2</b>	
<b>3</b> Deductions directly connected with the production of income shown on line 2 (excluding deductions attributable to prohibited transactions resulting in a loss) .....	<b>3</b>	
<b>4</b> Tax on net income from prohibited transactions. Subtract line 3 from line 2 .....	<b>4</b>	<b>NONE</b>

**Part II - Tax on Net Income From Foreclosure Property** (as defined in section 860 G(a)(8))  
 (Caution: See instructions before completing this part.)

<b>5</b> Net gain or (loss) from the sale or other disposition of foreclosure property described in section 1221(a)(1) (attach schedule) .....	<b>5</b>	
<b>6</b> Gross income from foreclosure property (attach schedule) .....	<b>6</b>	
<b>7</b> Total income from foreclosure property. Add lines 5 and 6 .....	<b>7</b>	
<b>8</b> Deductions directly connected with the production of income shown on line 7 (attach schedule) .....	<b>8</b>	
<b>9</b> Net income from foreclosure property. Subtract line 8 from line 7 .....	<b>9</b>	
<b>10</b> Tax on net income from foreclosure property. Enter 35 % of line 9 .....	<b>10</b>	<b>NONE</b>

**Part III -- Tax on Contributions After the Startup Day**

(Do not complete this part if the startup day was before July 1, 1987. See instructions.)

<b>11</b> Tax. Enter amount of taxable contributions received during the calendar year after the startup day. See instructions (attach schedule) .....	<b>11</b>	<b>NONE</b>
--	-----------	-------------

**Part IV - Total Tax**

<b>12</b> <b>Total tax.</b> Add lines 4, 10, and 11. Enter here and on page 1, Section II, line 1 .....	<b>12</b>	<b>NONE</b>
---	-----------	-------------

Form 1066 (2006)



Merrill Lynch Mortgage Investors, Inc.,  
Form 1066 (2006)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243  
Page 4**Designation of Tax Matters Person**

Enter below the residual interest holder designated as the tax matters person (TMP) for the calendar year of this return.

Name of designated TMP ▶ Wells Fargo Bank, N.A. Identifying number of TMP ▶ 94-1347393  
James Brown, Vice President

Address of designated TMP ▶ 7080 Samuel Morse Drive  
Columbia, MD 21046

**Additional Information (See instructions.)**

E What type of entity is this REMIC? Check box ☐ Corporation ☐ Partnership ☒ Trust ☐ Segregated Pool of Assets

If you checked "Segregated Pool of Assets," enter the name and type of entity that owns the assets:  
Name \_\_\_\_\_ Type \_\_\_\_\_

F Number of residual interest holders in this REMIC ▶ 2

G Check this box if this REMIC is subject to the consolidated entity-level audit procedures of sections 6221 through 6231 ☒

H At any time during calendar year 2006, did the REMIC have a financial interest in or signature or other authority over any foreign financial account, including bank, securities, or other types of financial accounts in a foreign country? ☐ Yes ☒ No  
If "Yes", the REMIC may have to file Form TD F 90-22.1. See instructions.  
If "Yes", enter name of foreign country ▶ NOT APPLICABLE

I During the tax year, did the REMIC receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes", see instructions for other forms the REMIC may have to file ☐ Yes ☒ No

J Enter the amount of the tax-exempt interest accrued during the year ▶ NONE

K Check this box if the REMIC had more than one class of regular interests ☐  
If so, attach a schedule identifying the classes and principal amounts outstanding for each at the end of the year.

L Enter the sum of the daily accruals determined under section 860E(c) for the calendar year ▶ 0

<b>Schedule L Balance Sheets per Books</b>		(a) Beginning of year	(b) End of year
<b>Assets</b>			
1 Permitted investments (see instructions):			
a Cash flow investments		0	0
b Qualified reserve assets		1,006	1,006
c Foreclosure property		0	0
2 Qualified mortgages		472,301,618	453,414,202
3 Other assets (attach schedule) SEE SCHEDULE # 1		(141,170)	1,550,229
4 Total assets		472,161,453	454,965,437
<b>Liabilities and Capital</b>			
5 Current liabilities (attach schedule) SEE SCHEDULE # 1		(37,558)	38,618
6 Other liabilities (attach schedule) SEE SCHEDULE # 1		(444,348)	633,406
7 Regular interests in REMIC		472,301,618	453,413,950
8 Residual interest holders' capital accounts		341,741	879,462
9 Total liabilities and capital		472,161,453	454,965,437

**Schedule M Reconciliation of Residual Interest Holders' Capital Accounts** (Show reconciliation of each residual interest holder's capital account quarterly on Schedule Q (Form 1066), Item F.)

(a) Residual interest holders' capital accounts at beginning of year	(b) Capital contributed during year	(c) Taxable income (or net loss) from Section 1, line 15	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Residual interest holders' capital accounts at end of year (combine cols. (a) through (f))
341,741	1,770,099	537,721	0	0	(1,770,099)	879,462

Form 1066 (2006)

Form **4797**Department of the Treasury  
Internal Revenue Service (99)**Sales of Business Property**  
**(Also Involuntary Conversions and Recapture Amounts**  
**Under Sections 179 and 280F(b)(2))**

▶ Attach to your tax return.

▶ See separate instructions.

OMB No. 1545-0184

**2006**Attachment  
Sequence No. 27Name(s) shown on return **Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I**Identifying number  
**52-2207243****1** Enter the gross proceeds from sales or exchanges reported to you for 2006 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) .....**1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year (See instructions.)**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>2</b>						
<b>3</b> Gain, if any, from Form 4684, line 42 .....						<b>3</b>
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37 .....						<b>4</b>
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .....						<b>5</b>
<b>6</b> Gain, if any, from line 32, from other than casualty or theft .....						<b>6</b>
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: .....						<b>7</b>
<b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.						
<b>Individuals, partners, S corporation shareholders, and all others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						
<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions) .....						<b>8</b>
<b>9</b> Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) .....						<b>9</b>

**Part II Ordinary Gains and Losses (see instructions)****10** Ordinary gains and losses not included on lines 11 through 16 (including property held 1 year or less):

REO Liquidations	Various	Various			\$2,023,747	(\$2,023,747)
<b>11</b> Loss, if any, from line 7 .....						<b>11</b> ( )
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable .....						<b>12</b>
<b>13</b> Gain, if any, from line 31 .....						<b>13</b>
<b>14</b> Net gain or (loss) from Form 4684, lines 34 and 41a .....						<b>14</b>
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36 .....						<b>15</b>
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824 .....						<b>16</b>
<b>17</b> Combine lines 10 through 16 .....						<b>17</b> (\$2,023,747)
<b>18</b> For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:						
<b>a</b> If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions .....						<b>18a</b>
<b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 .....						<b>18b</b>

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 130861

Form **4797** (2008)

CRA

Merrill Lynch Mortgage Investors, Inc.,  
Form 4797 (2006)

Mtg. P/T Certificates Series 1999-C1 REMIC I

52-2207243

Page 2

**Part III Gain From Disposition of Property Under Section 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property :	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D.   ▶		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale	21	
22	Depreciation (or depletion) allowed or allowable	22	
23	Adjusted basis. Subtract line 22 from line 21	23	
24	Total gain. Subtract line 23 from line 20	24	
25	If section 1245 property:		
	a Depreciation allowed or allowable from line 22	25a	
	b Enter the smaller of line 24 or 25a	25b	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
	a Additional depreciation after 1975 (see instructions)	26a	
	b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b	
	c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c	
	d Additional depreciation after 1969 and before 1976	26d	
	e Enter the smaller of line 26c or 26d	26e	
	f Section 291 amount (corporations only)	26f	
	g Add lines 26b, 26e, and 26f	26g	
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).		
	a Soil, water, and land clearing expenses	27a	
	b Line 27a multiplied by applicable percentage (see instructions)	27b	
	c Enter the smaller of line 24 or 27b	27c	
28	If section 1254 property:		
	a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a	
	b Enter the smaller of line 24 or 28a	28b	
29	If section 1255 property:		
	a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a	
	b Enter the smaller of line 24 or 29a (see instructions)	29b	

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 36. Enter the portion from other than casualty or theft on Form 4797, line 6	32	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation. See instructions	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

Form 4797 (2006)

Form **7004**  
(Rev. December 2006)  
Department of the Treasury  
Internal Revenue Service

**Application for Automatic 6-Month Extension of Time to File  
Certain Business Income Tax, Information, and Other Returns**

OMB No. 1545-0233

▶ **File a separate application for each return.**

**Type or  
Print**

File by the due  
date for the  
return for which  
an extension is  
requested. See  
instructions.

Name **Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I**

Taxpayer identification number  
**52-2207243**

Number, street, and room or suite no. (If P.O. box, see instructions.)  
**7080 Samuel Morse Drive**

City or town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)).  
**Columbia, MD 21048**

**Note. See instructions before completing this form.**

- 1 Enter the form code for the return that this application is for (see below) . . . . . **1 1**
- 2 If the foreign corporation does not have an office or place of business in the United States, check here . . . . . ☐
- 3 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here . . . ☐
- 4a The application is for calendar year 2006, or tax year beginning . . . . . , 20 . . . . . , and ending . . . . . , 20 . . . . .
- b **Short tax year.** If this tax year is less than 12 months, check the reason:  
☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed
- 5 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here ▶ . . . . . ☐  
If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.
- |   |   |      |  |
|---|---|------|--|
| 6 Tentative total tax . . . . .   | 6 | NONE |  |
| 7 Total payments and credits (see instructions) . . . . .   | 7 | NONE |  |
| 8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions) . . . . . | 8 | NONE |  |

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-H	17
Form 706-GS(T)	02	Form 1120-L	18
Form 990-B (2005 fiscal year filers only)	03	Form 1120-ND	19
Form 1041 (estate)	04	Form 1120-ND (section 4951 taxes)	20
Form 1041 (trust)	05	Form 1120-PC	21
Form 1041-N	06	Form 1120-POL	22
Form 1041-REIT	07	Form 1120-REIT	23
Form 1042	08	Form 1120-S	24
Form 1065	09	Form 1120-SF	25
Form 1065-B	10	Form 3520-A	26
Form 1120	11	Form 8612	27
Form 1120 (2005 fiscal year filers only)	12	Form 8613	28
Form 1120-A	13	Form 8614	29
Form 1120-B	14	Form 8804	30
Form 1120-F	15	Form 8804	31
Form 1120	16	Form 8876	32
		Form 8876	33

For Paperwork Reduction Act Notice, see instructions.  
CRA

Cat. No. 13804A

Form **7004** (Rev. 12-2006)

## Form 1066

## SCHEDULE #1 - Schedule L

Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I

EIN: 52-2207243

For Tax Year Ended December 31, 2006

Schedule LLine 3 - Other Assets

Type of Other Assets	12/31/2005	12/31/2006
Interest Receivable	0	0
Collateral Cumulative Interest Shortfall	0	0
Collateral Prem (Disc) Remaining	(141,170)	1,550,229
<b>Total</b>	<b>(141,170)</b>	<b>1,550,229</b>

Line 5 - Current Liabilities

Type of Other Current Liabilities	12/31/2005	12/31/2006
Administrative Fees Payable	(37,558)	38,618
Interest Payable	0	0
<b>Total</b>	<b>(37,558)</b>	<b>38,618</b>

Line 6 - Other Liabilities

Type of Other Liabilities	12/31/2005	12/31/2006
Security Cumulative Interest Shortfall	0	0
Security Prem (Disc) Remaining	(444,348)	633,406
<b>Total</b>	<b>(444,348)</b>	<b>633,406</b>



**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended March 31, 2006

(See instructions on page 2.)

OMB No. 1545-1014

Residual interest holder's identifying number  
**22-1147033**REMIC's identifying number  
**52-2207243**

Residual interest holder's name, address, and ZIP code

**Wachovia Bank National Association  
301 S. College Street, NC0600  
Attn: Joe Gieker  
Charlotte, NC 28202-0600**

REMIC's name, address, and ZIP code

**Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I  
7080 Samuel Morse Drive  
Columbia, MD 21046**A What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation**

B Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **100.000000** %  
2 End of quarter **100.000000** %

C Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B) **\*** %  
2 Assets described in section 7701(a)(19)(C) (relating to the  
definition of a domestic building and loan association) **31.54** %D Internal Revenue Service Center where REMIC files return **Ogden, UT**E Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q

F Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
<b>341,741</b>	<b>0</b>	<b>430,382</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>772,123</b>

**Caution: See Instructions on page 2 before entering information from this schedule on your tax return.**

1a Taxable income (net loss) of the REMIC for the calendar quarter .....	<b>430,382</b>	
b Your share of the taxable income (net loss) for the calendar quarter .....		<b>430,382</b>
2a Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	<b>0</b>	
b Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		<b>0</b>
c Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		<b>430,382</b>
3 Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
a Section 212 expenses of the REMIC for the calendar quarter .....	<b>153,735</b>	
b Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		<b>153,735</b>

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\* More than 95% of the assets are qualifying assets.

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.  
CRA

**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended June 30, 2006

(See instructions on page 2.)

OMB No. 1545-1014

**Residual interest holder's identifying number**

22-1147033

**REMIC's identifying number**

52-2207243

**Residual interest holder's name, address, and ZIP code**Wachovia Bank National Association  
301 S. College Street, NC0600  
Attn: Joe Gieker  
Charlotte, NC 28202-0600**REMIC's name, address, and ZIP code**Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I  
7080 Samuel Morse Drive  
Columbia, MD 21046**A** What type of entity is this residual interest holder (see Form 1066 instructions)?

Corporation

**B** Enter residual interest holder's percentage of ownership of all residual interests:1 Before change 100.000000 %  
2 End of quarter 100.000000 %**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:1 Real estate assets under section 856(c)(5)(B) %  
2 Assets described in section 7701(a)(19)(C) (relating to the  
definition of a domestic building and loan association) 31.27 %**D** Internal Revenue Service Center where REMIC files return

Ogden, UT

**E** Check applicable boxes: (1) ☐ Final Schedule Q(2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
772,123	0	118,173	0	0	0	890,296

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.**1a** Taxable income (net loss) of the REMIC for the calendar quarter

118,173

**b** Your share of the taxable income (net loss) for the calendar quarter

118,173

**2a** Sum of the daily accruals under section 860E for all residual interests for the  
calendar quarter

0

**b** Sum of the daily accruals under section 860E for your interest for the calendar quarter

0

**c** Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter  
less than zero)

118,173

**3** Residual interest holders who are individuals or other pass-through interest holders. (see Form  
1066 instructions.) Not required to be completed for other entities.**a** Section 212 expenses of the REMIC for the calendar quarter

170,416

**b** Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be  
included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment  
of this amount as a miscellaneous itemized deduction.)

170,416

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA



**SCHEDULE Q**

(Form 1066)

(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended September 30, 2006

(See instructions on page 2.)

OMB No. 1545-1014

**Residual interest holder's identifying number**

22-1147033

**REMIC's identifying number**

52-2207243

**Residual interest holder's name, address, and ZIP code**Wachovia Bank National Association  
301 S. College Street, NC0600  
Attn: Joe Gieker  
Charlotte, NC 28202-0600**REMIC's name, address, and ZIP code**Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I  
7080 Samuel Morse Drive  
Columbia, MD 21046**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:1 Before change **100.000000** %  
2 End of quarter **.000000** %**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:1 Real estate assets under section 856(c)(5)(B) \_\_\_\_\_ %  
2 Assets described in section 7701(a)(19)(C) (relating to the  
definition of a domestic building and loan association) **31.07** %**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
890,296	0	93	0	0	(890,389)	0

**Caution:** See Instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	<b>310</b>	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		<b>93</b>
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	<b>0</b>	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		<b>0</b>
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		<b>93</b>
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	<b>124,288</b>	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See Instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		<b>37,288</b>

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended September 30, 2006

(See instructions on page 2.)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 13-5674085	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Merrill Lynch Pierce Fenner & Smith Inc. 2 World Financial Center, 5th Floor, Global Tax Dept. Attn: Rafael Klatzkin New York, NY 10281	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 7080 Samuel Morse Drive Columbia, MD 21046

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change **.000000** %  
 2 End of quarter **100.000000** %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B)  %  
 2 Assets described in section 7701(a)(19)(C) (relating to the  
 definition of a domestic building and loan association) **31.07** %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
0	890,389	217	0	0	0	890,606

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter	310	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter		217
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero)		217
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter	124,288	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.)		87,002

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended December 31, 2006

(See instructions on page 2.)

OMB No. 1545-1014

<b>Residual interest holder's identifying number</b> 22-1147033	<b>REMIC's identifying number</b> 52-2207243
<b>Residual interest holder's name, address, and ZIP code</b> Wachovia Bank National Association 301 S. College Street, NC0600 Attn: Joe Gieker Charlotte, NC 28202-0600	<b>REMIC's name, address, and ZIP code</b> Merrill Lynch Mortgage Investors, Inc., Mtg. P/T Certificates Series 1999-C1 REMIC I 7080 Samuel Morse Drive Columbia, MD 21046

**A** What type of entity is this residual interest holder (see Form 1066 instructions)? **Corporation****B** Enter residual interest holder's percentage of ownership of all residual interests:

1 Before change	<b>.000000</b> %
2 End of quarter	<b>100.000000</b> %

**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:

1 Real estate assets under section 856(c)(5)(B)	<b>                    </b> %
2 Assets described in section 7701(a)(19)(C) (relating to the definition of a domestic building and loan association)	<b>29.88</b> %

**D** Internal Revenue Service Center where REMIC files return **Ogden, UT****E** Check applicable boxes: (1) ☐ Final Schedule Q (2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
0	879,709	(248)	0	0	0	879,462

**Caution:** See Instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	(11,144)	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		(248)
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		0
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	114,871	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		2,553

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA

**SCHEDULE Q**  
(Form 1066)(Rev. October 2003)  
Department of the Treasury  
Internal Revenue Service**Quarterly Notice to Residual Interest Holder of  
REMIC Taxable Income or Net Loss Allocation**

For calendar quarter ended December 31, 2006

(See instructions on page 2.)

OMB No. 1545-1014

**Residual interest holder's identifying number**

13-5674085

**REMIC's identifying number**

52-2207243

**Residual interest holder's name, address, and ZIP code**Merrill Lynch Pierce Fenner & Smith Inc.  
2 World Financial Center,  
5th Floor, Global Tax Dept.  
Attn: Rafael Klatzkin  
New York, NY 10281**REMIC's name, address, and ZIP code**Merrill Lynch Mortgage Investors, Inc.,  
Mtg. P/T Certificates Series 1999-C1 REMIC I  
7080 Samuel Morse Drive  
Columbia, MD 21046**A** What type of entity is this residual interest holder (see Form 1066 instructions)?

Corporation

**B** Enter residual interest holder's percentage of ownership of all residual interests:1 Before change 100.000000 %  
2 End of quarter .000000 %**C** Enter the percentage of the REMIC's assets for the quarter represented by each of the following:1 Real estate assets under section 856(c)(5)(B) %  
2 Assets described in section 7701(a)(19)(C) (relating to the  
definition of a domestic building and loan association) 29.88 %**D** Internal Revenue Service Center where REMIC files return

Ogden, UT

**E** Check applicable boxes :(1) ☐ Final Schedule Q(2) ☐ Amended Schedule Q**F** Reconciliation of residual interest holder's capital account

(a) Capital account at beginning of quarter	(b) Capital contributed during quarter	(c) Taxable income (net loss) from line 1b below	(d) Nontaxable income	(e) Unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of quarter (combine cols. (a) through (f))
890,606	0	(10,897)	0	0	(879,709)	0

**Caution:** See instructions on page 2 before entering information from this schedule on your tax return.

<b>1a</b> Taxable income (net loss) of the REMIC for the calendar quarter .....	(11,144)	
<b>b</b> Your share of the taxable income (net loss) for the calendar quarter .....		(10,897)
<b>2a</b> Sum of the daily accruals under section 860E for all residual interests for the calendar quarter .....	0	
<b>b</b> Sum of the daily accruals under section 860E for your interest for the calendar quarter .....		0
<b>c</b> Excess inclusion for the calendar quarter for your residual interest (subtract line 2b from line 1b, but do not enter less than zero) .....		0
<b>3</b> Residual interest holders who are individuals or other pass-through interest holders. (see Form 1066 instructions.) Not required to be completed for other entities.		
<b>a</b> Section 212 expenses of the REMIC for the calendar quarter .....	114,871	
<b>b</b> Your share of section 212 expenses for the calendar quarter. (If you are an individual, this amount must be included in gross income in addition to the amount shown on line 1b. See instructions on page 2 for treatment of this amount as a miscellaneous itemized deduction.) .....		112,318

For Paperwork Reduction Act Notice, see Form 1066 instructions. Cat. No. 64167S Schedule Q (Form 1066) (Rev. 10-2003)

\*\* This residual class does not have significant value as defined by T.R. Sec. 1.860E-1.

CRA