

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2008-08-29** | Period of Report: **2008-08-27**  
SEC Accession No. **0001230634-08-000018**

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FILER

**VESTIN FUND III LLC**

CIK: **1230634** | IRS No.: **870693972** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-51301** | Film No.: **081046728**  
SIC: **6531** Real estate agents & managers (for others)

Mailing Address  
6149 SOUTH RAINBOW  
BOULEVARD  
LAS VEGAS NV 89118

Business Address  
6149 SOUTH RAINBOW  
BOULEVARD  
LAS VEGAS NV 89118  
702-227-0965

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 27, 2007



**VESTIN FUND III, LLC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation)

**333-105017**

(Commission File Number)

**87-0693972**

(IRS Employer Identification No.)

**6149 SOUTH RAINBOW BOULEVARD  
LAS VEGAS, NEVADA 89118**

(Address of principal executive offices)  
(Zip Code)

Registrant's telephone number, including area code: **(702) 227-0965**

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Item 8.01: Other Events

August 27, 2008 – Vestin Fund III, LLC (the “Fund”) announced, in a letter sent to its members, that the Fund suspended its distributions to its members, due to expected reduction in its operating results. The Manager will closely monitor Fund III’s operating results in order to determine when distributions should be reinstated. The Manager cannot predict when Fund III will reinstitute the payment of distributions. A copy of the letter to members is furnished as Exhibit 99.1 to this report.

## Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Letter to Members</a>

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VESTIN FUND III, LLC

By Vestin Mortgage, Inc., its sole manager

Date: August 29, 2008

By /s/ Rocio Revollo  
Rocio Revollo  
Chief Financial Officer of the Manager

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**Exhibit 99.1**

August 27, 2008

Dear Vestin Fund III Member:

In today's economy, we are faced with many challenges. The real estate industry and the credit markets are both in turmoil. As a mortgage lender, we are faced with an immense challenge in navigating the current economic environment. As set forth in our July 3, 2008 letter to you, Vestin Fund III, LLC's ("Fund III") operating results have suffered because of an increase in non-performing assets. This negative trend accelerated sharply during the last several months. As the economy has weakened and credit has become more difficult to obtain, many of our borrowers who develop and sell commercial real estate projects have been unable to complete their projects or obtain takeout financing. We expect that the weakness in the credit markets and the weakness in lending will continue to have an adverse impact upon our performance for the near future.

On August 14, 2008 Fund III filed its quarterly report on Form 10-Q with the Securities and Exchange Commission reporting its results for the quarter ending June 30, 2008. We wanted to make sure you were aware of some of the important information contained in the June 30, 2008 10-Q. Fund III reported a net loss for the for the six months ended June 30, 2008 of approximately \$2.9 million or (\$1.22) per weighted average membership unit, on revenues of \$705,000, compared with net income of approximately \$1.2 million or \$0.47 per weighted average membership unit on revenues of approximately \$1.5 million in the comparable period a year ago. (You may access a copy of our complete report on Form 10-Q at [www.sec.gov](http://www.sec.gov) or obtain a free copy by writing to Fund III at the address below.)

Also as of June 30, 2008, Fund III had 24 loans outstanding with an aggregate principal amount approximating \$18.9 million, of which 10 loans with an aggregate principal amount approximating \$10.8 million were considered non-performing and two loans totaling approximately \$1.8 million are considered delinquent. As of August 14, 2008, we had foreclosed upon two of the non-performing loans and classified them as real estate held for sale.

In addition to the increase in nonperforming assets, our cash from operations has been adversely affected by realized losses on foreclosed loans and the rising costs of operations.

As a result of these factors, we have been forced to suspend the payment of distributions to our members. Our Manager will closely monitor Fund III's operating results in order to determine when distributions should be reinstated. Our Manager cannot predict when Fund III will reinstitute the payment of distributions.

We apologize for any inconvenience this may cause you. However, we will endeavor to do our best to improve Fund III's performance during these trying economic times.

Very truly yours,

Vestin Mortgage, Inc.,  
Manager of Vestin Fund III, LLC

Michael V. Shustek  
President and CEO