

B56 R 10/14/97

1. CU didn't do a bad job
2. Terminate these folks & get someone else
3. pg 26 pg 4 Wants yellow highlight out of Report
4. Wants a note to Bud Barnes & ask him to take yellow out
5. Wants CU to take pg 4 Collateral section.
BR feels collateral is outside scope of P/W guidelines
OB What Value to HUD? HUD will use their own determination on collateral.
6. Pg 5: Betray will guarantee behind Credit Cots & reserves.
∴ Dev Commitment I or II.
7. Overall (pg 5) is a kiss of death. . . .
8. Pg 11 C & F paragraph is not correct
22 no guarantees on cash flow. . . .
9. Re: pg 4 Collateral "no rambing of collateral."
BR: What is the answer to HUD on Collateral? Go
Back to program memo \$500,000.
In worse case scenario ground lease payment + \$10 post physical
* pay off \$1.5M of the debt
10. This latest report is the worst of worst case

pg 4. Top para kills project. "Do not analyze collateral"
Let HUD make decision on collateral.

Re: Marquet tangible Evidence " BC will give written guarantees

12. I offered our suggestion to have PW to Ego. . . .
OB felt it may tempt HUD offer review. . . .

Taking \$100,000 ^{out} makes the collateral issue insurmountable "BR.

BR HUD guidelines offer other forms of collateral. . . .

SW inter: Ask GA to not Consider Collateral / ~~when another~~
diff scenario. . . . Consider Collateral Analysis
as a Supplementa / !"

BP: Council is not willing to pledge program: CDBB \$!

1. Bob R says we've already put up Placeholder
2. " suggests CD program can be used for calculations!
3. CDBB is foundation to 108.

H. Webster 10/14/97

1. Financial Advisors would use guidelines & factors & see how they are met & what the risk factors are.
2. Some stds. lvs of risk levels could supersede another.
3. Letter of Credit could be used if grant funds are no longer available.
4. KH: No real property, no letter of credit => source of repayment is rental receipts, pledge of lease. ∴ We view PV of rental receipts as double counting & least 1/2 of rental receipts are subject to escape clauses, co-tenants & sales vol.
5. PW: ^{Dev} I have offered rights of dev to us!
- * KH: If shortfall or default there is a collateral shortfall as well!
KH: "I borrow \$ from bank & pledge my salary as collateral, & back up to my salary"
- M.A Lease assigned to another lender, we're assigned lease payment!
6. KH: Lease reads that pymt could be reduced! "If Address it happens, you could reduce payment by X. ∴ Lease pymts are insufficient to meet debt service"
7. MA: Collateral are sources to cover debt service.
PW: Collateral is a secondary source of repayment.
8. PW: To extent that cashflow & PV is uncertain - he has a concern about. Dev has to demonstrate collateral or contingencies to meet. Ask flow are low.