To: jeevacation@gmail.com[jeevacation@gmail.com]; jeevacation@gmail.com[jeevacation@gmail.com]
From: [redacted]
Sent: Mon 10/10/2011 11:10:55 PM
Subject: more on Swanson

I am back in PB and saw Swanson so I found out more. What he arranged with TD is that it will extend until June 30 with no principal paydown leaving the first mortgage at $21.260M. They dont want to foreclose. Kosoy (New Prov- the second) will extend until June too (from Feb) and increase its loan by $1M to $6.3M. This new $1M will fund interest on the first and second until June.

Dan says he needs to come up with $1.5M more (which he suggested borrowing from you) to stay afloat until June with his other obligations.

This opens the option of your buying the second ($5.3M), funding interest on the first mortgage until June ($600,000) and adding some amount Dan could use to stay afloat - in other words a $5.9M+ second not a $10M second. The first stays at $21.260M with no principal reduction.

If you added $1M for Dan (not the $1.5 he asks for) the new second would be $6.9 ($5.3M + $600,000 + $1M) and the combined mortgage debt would be $21.260M first plus your $6.9M second. If Dan defaulted in June, you'd own 1220 for $6.9M over $21.260M or $28.160M .

Maybe you fund some of the $1M to Dan now and some on the back end as a "go away" fee (if he defaults) to ensure there is no trouble.

Dan's other potential sources of cash are the sale of 101 El Bravo (I suspect this will bring him around $1M to $2M) and the sale of his extra lot in Phipps Estates (asks $5.5M but it is encumbered by a $6M mortgage with Northern that also encumbers Dan's house so maybe he'd get the lot released for $2M+ netting him around $2 to $3M). He has a boat and other stuff but I doubt he's got much equity there.