

TO: Walter Lembi (via fax: 415-241-1427) **DATE:** January 21, 1998
 Bernard Schoenberg (via fax:415-362-1162)

FROM: Spencer Young
Meridith Schwartz
Christian Curry

CC: Michael Murphy / Phil Clock - Mellon
 (via fax:415-328-7036)
 John Busillo - Cadwalader (212-504-6666)

SUBJECT: Remaining Punch List for Lembi Portfolio Refinancing

The below reflects that which we agreed to in our conference call today.

Task	Responsibility	Target Date	Done?
Letter from borrower certifying debt, equity, funds to Mellon	Lembi		Thu. 1/15
Initial draft of borrowing entity organizational documents to Mellon & CWT -- one corporate and one LLC.	Lembi CWT comments	Thu. 1/22 Mon. 1/26	
Call Surveyor (Stanley Gray) to address retainer payment and accelerate the delivery date on the surveys on each property	MSMC		Thu. 1/15
Title Work - Exception documents on A, C&D to CWT	Lembi	Thu 1/15	Documents in - being reviewed by CWT
Copies of leases to CWT	Lembi	Thu. 1/22	
Address PMLs:= 30%-60% on Diva, Union Square, 500 Stanyon, Burlingame so far -- from Eckland. Review in context of EMG PMLs -- consider EMG analysis. 12 finished - EMG doing desk review for Eckland on 8 other properties.	MSMC	3 by 1/23 5 to follow	

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Task	Responsibility	Target Date	Done?
Revised Allocations of loan proceeds, spreads, and preliminary UCF for each property, taking into account the collateral type components to the UCF. This should be done incorporating the following underwriting adjustments – Proposition 13 effect on property taxes and 3.0% vacancy rate on multifamily components to the properties. In addition, the DSCR using the minimum constants per the funding commitment shall be shown for each property.	Mellon	Open	
Comments back on the senior debt loan documents	Lembi	Fri 1/23	
CWT response	CWT	Tue. 1/27	
Revised documents		Fri. 1/30	
Initial draft of mezzanine debt loan documents to CWT for review	Imperial	Thu. 1/22	Loan Agreement in
CWT comments on Loan Agreement		Wed. 1/28	
Revised documents to CWT			
Skyline Management and Personality Hotels management agreements with the respective borrowing entities to Mellon and CWT	Lembi CWT	Fri. 1/16 Wed. 1/21	
Retainer payments to third parties -- Mellon, Rosenthal, Eckland. Surveyor paid.	MSMC	Open	
Certificates of occupancy -1155 Market, 2099 Mkt., 1401 Jones, 2677 Larkin, 215 Church	Lembi	Open	
Environmental reports pending (all in except 8 final copies from Eckland)	Mellon	Fri. 1/23	
Structural reports pending (12 done in Group A, 8 from Eckland coming)	Mellon	Fri. 1/23	
Appraisals (CB short)	Mellon	Fri. 1/23	
Enforceability opinions (One for NY and one for CA)	Lembi NY CA	Thu. 1/29 Thu. 1/22	
Non-consolidation opinion	Lembi	Thu. 1/22	
Credit approval / securitization packages in Morgan Stanley AMOS software completed and received by MSMC	Mellon Group A Group C&D	Mon. 1/26 Wed. 1/28	

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Task	Responsibility	Target Date	Done?
3R reports on all 20 properties issued by San Francisco municipality to be forwarded to CWT	Lembi	Mon. 1/26	
Rating agency (S&P and Fitch) approval of Imperial Bank as mezzanine debt holder	MSMC	Need Imperial documents to discuss with Rating Agencies	
Complete final set of mortgage documents	Lembi	Fri. 2/6	
Intercreditor Agreement to Imperial Bank	CWT	Wed 1/21	
Tenant estoppels and SNDA's	Lembi	Fri. 1/30	
Surveys (all to be in on 1/26)	Lembi	Mon. 1/26	
Finalize Intercreditor Agreement	CWT	Fri 1/30	
Review final borrowing entities organizational documents, surveys, zoning, etc.	CWT / MSMC	Fri. 2/6	
Securitization / Credit Committee review	MSMC	Open	
Approve loans -- Closing contingencies finalized and communicated to Lembi	MSMC	Open	
Dry closing in New York at CWT offices; finalize opinions, Group A, C & D	Lembi, MSMC, CWT	Tue. 2/10	
Close transaction on Group A, C&D	MSMC	Wed. 2/11	
Closing on Group B		End of Feb.	

Key: Lembi = The Lembi Group and/or its affiliates and/or BSchoenberg (Counsel to Lembi)
MSMC = Morgan Stanley Mortgage Capital Inc.
CWT = Cadwalader, Wickersham & Taft
Mellon = Mellon Mortgage Company

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