

To: Jeffrey Epstein[jeevacation@gmail.com]
From: Richard Joslin
Sent: Mon 5/5/2014 11:22:49 AM
Subject: FW: BofA Financing - PW Analysis - privileged and confidential - attorney work product

Who is point person for art loan?

From: Finkelstein, Brad J [mailto: [REDACTED]]
Sent: Friday, May 02, 2014 5:52 PM
To: Richard Joslin
Cc: Halperin, Alan S
Subject: BofA Financing - PW Analysis - privileged and confidential - attorney work product

Richard:

Please see below for my thoughts on the existing loan documents. There are a variety of language changes I would like to make if given the chance, but below are the most important items. Please let me know when you would like to discuss.

Best,

Brad

Major items we should change, that the Banks should be Ok with, and are not risky for us to bring up

1. Bank should not permitted to assign or participate out the Loans, absent Borrower's prior written consent (not to be unreasonably withheld). We would lose our consent right upon a payment or bankruptcy event of default. There should be a separate "blacklist" of 5 or so hedge funds (Apollo has a standing list) that should

never be able to acquire the Loans under any circumstances. Existing documents don't have any constraint on Bank transferring Loans.

Major items we should consider changing, but are potentially risky to bring up with the Banks given our potential non-compliance in the past

1. No ability to move the art outside the U.S. Must give 10 days advance notice prior to any movement of art to a new location.
2. No ability to put the art in storage.

Major items we should consider changing, but that the Banks may object to

1. Death or legal incapacity of Leon Black is an event of default. Given that the loan is collateralized, we should try to get this out. Wouldn't want to have to do a fire sale of the collateral if the estate doesn't have sufficient liquidity to repay the loan immediately.
2. Bank believing it has insufficient security backing the Loans is an event of default if unremedied 10 days after notice by the Bank. Just a very open-ended, ambiguous provision, especially since we have a specific LTV covenant.
3. Material adverse change in the financial condition of Leon Black or the Guarantor is an event of default. Again, a very open-ended, ambiguous provision, especially since we have a specific net worth covenant.
4. If our collateral value is insufficient (the amount of the Loans cannot exceed 50% of the Collateral value), we need to pledge more collateral. Consider a higher maximum LTV rate. Also, we can pledge non-art collateral to make up a shortfall –

consider specifying a specific “advance rate” for AGM stock or other collateral that Leon Black might consider pledging to make up a shortfall.

Certain minor items we should change, that the Banks should be Ok with, and are not risky for us to bring up

1. Late payment charge of 4% should be reduced to 2%.
2. If the Loans are over-collateralized, we cannot ask for a Collateral release other than on a quarterly basis. Should be able to ask for a release at any time we are over-collateralized.

Certain minor items we should consider changing, but are potentially risky to bring up with the Banks given our potential non-compliance in the past

1. Insurance covenant is very open-ended and requires Bank to approve the specific insurance. There should be a pre-agreed insurance package that is automatically acceptable to Bank.

Items to confirm

1. Are we ok having the art appraised the art by Sotheby’s or Christie’s every year?
2. Are we ok with a \$450 million net worth covenant?

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