

start middle of August
 proposed - October 30 1998

Replacement securities needed for some of the
 REMICs - will take a couple months to clean up.

AF basis of already accreted basis. \$40m.
 asset being acquired

viewed as a purchase transaction
 recorded as asset and deferred credit of \$40m

3. Dividends During Subsequent Years
 (2) this asset creates an other
 iterative aspect

amortization
 on a
 reasonable
 basis

(3) future
 accretion -
 presented to BI
 to underwrite
 common stock
 interest -
 wanted add. deferred tax cost.

A memo sub delivered after
 next week - all substantive issues resolved.

• During subsequent years of operation, the REIT will make the required coupon payments on the voting and non-voting preferred (REMIC Branch) as the holder of the common stock.

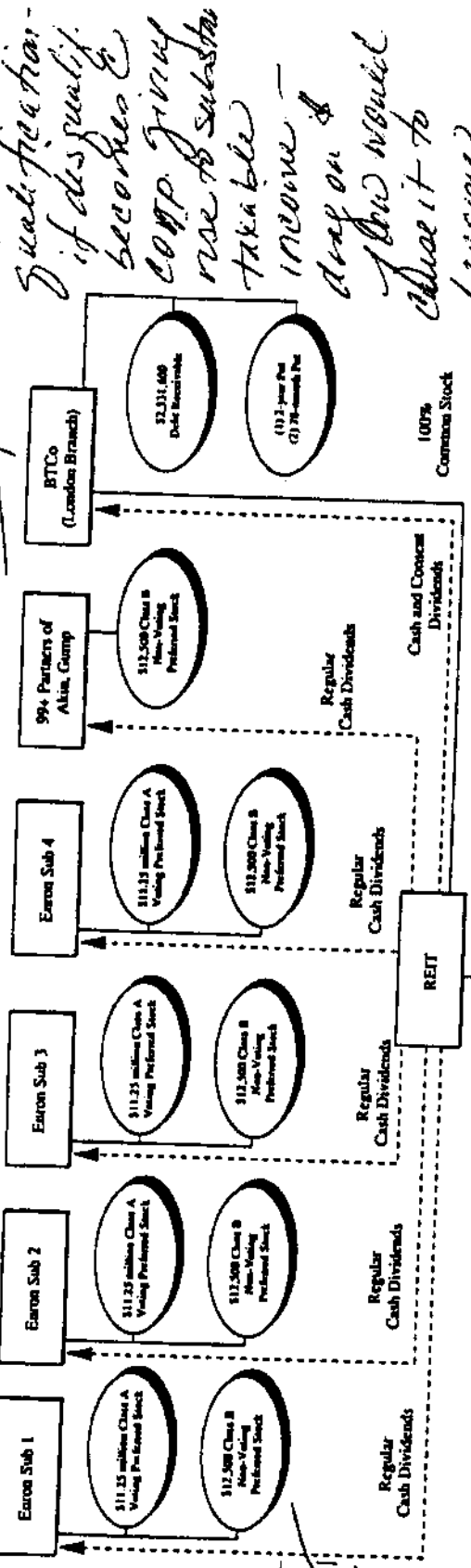
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II. Transaction Structure

Open issue - admin. memo
 of REITs - ser. hundred

securities generating quarterly
 income

collateral issues - REIT

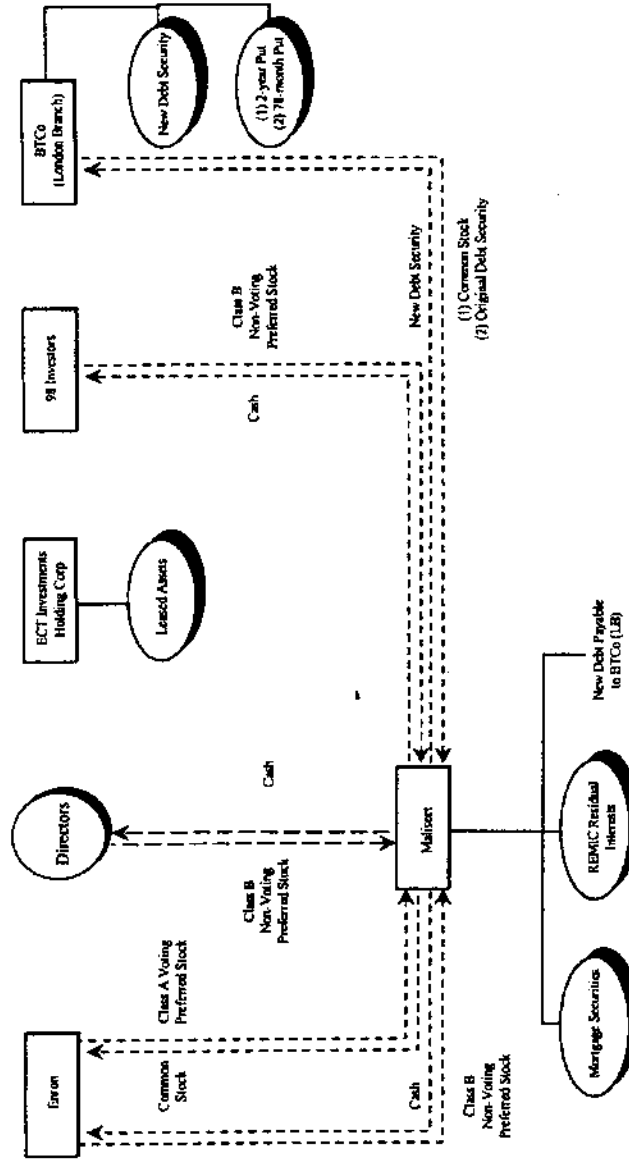


Qualification -
 if disqualify,
 becomes Co-
 opp giving
 rise to substantial
 taxable
 income -
 may on &
 flow would
 cause it to
 become
 insolvent -

affectability to make
 payments and do recapitaliz
 - self suggesting an indemnity
 Bill Becker says Instead
 on the voting and non-voting preferred (REMIC
 Branch) as the holder of the common stock
 need to "row" the REIT boat

Transaction Structure

Recapitalization



- After at least 5 years, pursuant to the terms of the corporate documents governing Malisect, either Enron or BTCO may force a recapitalization of Malisect.
- As part of a recapitalization, Malisect would redeem the Class B non-voting preferred stock.