

## Alta Woodlake Square







## Alta Woodlake Square

## Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	JPMCB
<b>Original Principal Balance:</b>	\$31,000,000
<b>Cut-off Date Principal Balance:</b>	\$31,000,000
<b>% of Pool by IPB:</b>	3.1%
<b>Loan Purpose:</b>	Acquisition
<b>Borrower:</b>	Elite Street Alta Woodlake Square, LLC
<b>Sponsor:</b>	Yehonatan Sade
<b>Interest Rate:</b>	4.18600%
<b>Note Date:</b>	5/18/2015
<b>Maturity Date:</b>	6/1/2025
<b>Interest-only Period:</b>	60 months
<b>Original Term:</b>	120 months
<b>Original Amortization:</b>	360 months
<b>Amortization Type:</b>	IO-Balloon
<b>Call Protection:</b>	L(25),Grtr1%orYM(93),O(2)
<b>Lockbox:</b>	Springing
<b>Additional Debt:</b>	Yes
<b>Additional Debt Balance:</b>	\$4,000,000
<b>Additional Debt Type:</b>	Mezzanine Loan / Permitted Mezzanine

## Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype:</b>	Multifamily - Garden
<b>Net Rentable Area (Units):</b>	256
<b>Location:</b>	Houston, TX
<b>Year Built / Renovated:</b>	2013 / N/A
<b>Occupancy:</b>	93.4%
<b>Occupancy Date:</b>	4/28/2015
<b>Number of Tenants:</b>	N/A
<b>2012 NOI<sup>(1)</sup>:</b>	N/A
<b>2013 NOI<sup>(1)</sup>:</b>	N/A
<b>2014 NOI<sup>(1)</sup>:</b>	N/A
<b>TTM NOI (as of 4/2015)<sup>(2)</sup>:</b>	\$1,376,182
<b>UW Economic Occupancy:</b>	88.3%
<b>UW Revenues:</b>	\$4,171,728
<b>UW Expenses:</b>	\$1,692,641
<b>UW NOI<sup>(2)</sup>:</b>	\$2,479,086
<b>UW NCF:</b>	\$2,427,886
<b>Appraised Value / Per Unit:</b>	\$40,280,000 / \$157,344
<b>Appraisal Date:</b>	4/8/2015

Escrows and Reserves<sup>(3)</sup>

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$367,577	\$61,263	N/A
<b>Insurance:</b>	\$22,936	\$7,645	N/A
<b>Replacement Reserves:</b>	\$4,267	\$4,267	N/A
<b>TI/LC</b>	\$0	\$0	N/A
<b>Other:</b>	\$33,000	\$0	N/A

## Financial Information

<b>Cut-off Date Loan / Unit:</b>	\$121,094
<b>Maturity Date Loan / Unit:</b>	\$110,242
<b>Cut-off Date LTV:</b>	77.0%
<b>Maturity Date LTV:</b>	70.1%
<b>UW NCF DSCR:</b>	1.34x
<b>UW NOI Debt Yield:</b>	8.0%

## Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$31,000,000	75.7%	Purchase Price	\$40,150,000	98.1%
Mezzanine Loan	4,000,000	9.8	Upfront Reserves	427,780	1.0
Sponsor Equity	5,936,672	14.5	Closing Costs	358,892	0.9
<b>Total Sources</b>	<b>\$40,936,672</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$40,936,672</b>	<b>100.0%</b>

(1) Historical NOI is not available as the property was built in 2013.

(2) Increase from TTM NOI to UW NOI is due to the lease up of residential units from occupancy of approximately 65.0% in May 2014 to 93.4% as of April 2015.

(3) For a full description of Escrows and Reserves, please refer to "Escrows and Reserves" below.

**The Loan.** The Alta Woodlake Square loan has an outstanding principal balance of \$31.0 million and is secured by a first mortgage lien on a newly constructed, Class A multifamily property totaling 256 units located in Houston, Texas. The loan has a 10-year term and, subsequent to a five-year interest-only period, will amortize on a 30-year schedule.

**The Borrower.** The borrowing entity for the loan is Elite Street Alta Woodlake Square, LLC, a Delaware limited liability company and special purpose entity.

**The Sponsor.** The loan sponsor and nonrecourse carve-out guarantor of the mortgage loan is Yehonatan Sade, the founder of Elite Street Capital, LLC, and formerly of Sun Holdings Group. Elite Street Capital, LLC is a newly formed investment vehicle. During his tenure at Sun Holdings Group, Yehonatan Sade oversaw the acquisition of more than 5,000 multifamily units in 2013 and 2014. The sponsor will contribute approximately \$6.0 million in equity in connection with the acquisition of the property.

## Alta Woodlake Square

**The Property.** Alta Woodlake Square is a 256-unit Class A multifamily complex built in 2013 and situated on 4.78 acres. Despite the property being completed in 2013, it has already achieved an occupancy of 93.4% as of April 28, 2015. The property consists primarily of four three-story garden apartment buildings with a unit-mix consisting of 30 studio units, 162 one-bedroom units and 64 two-bedroom units. The apartments feature finishes including nine to ten-foot ceilings, washers/dryers, and private balconies for a majority of units. Amenities at the property include a community pool, cabana and grilling areas, fitness center and business center, as well as a structured parking facility, storage closet area, mailroom and leasing office/clubhouse. The three-story structured parking garage has 385 parking spaces, in addition to 42 indoor storage units available to tenants.

The Alta Woodlake Square property is located in Houston, Texas, approximately 10 miles west of the Houston central business district and provides convenient access to primary Houston roadways Katy Freeway, US-59, the Westpark Tollway, Beltway 8 and 610 Loop. The property is located within the Westchase Business District neighborhood. The Westchase Business District was created by the State of Texas to promote economic development, mobility, higher level of services and a long-term thriving community on Houston's west side. Approximately 81,000 people work within the Westchase Business District and the district has some of the state's most educated workforce with 42% of the residents having a college degree compared to 28% for the City of Houston as a whole. Major employers with operations in the Westchase Business District include Honeywell, Cardtronics, Metlife, Microsoft, Samsung Engineering and Xerox. Additionally, the property benefits from its close proximity to Houston Galleria and the Energy Corridor. Houston Galleria is a 2.4 million square foot super-regional mall owned and operated by Simon Property Group and is amongst the largest mall in the United States. The Energy Corridor is home to approximately 300 companies, some of which include British Petroleum, ConocoPhillips, Sysco and Shell Oil. The property also benefits from its proximity to the various universities that are affiliated with the University of Houston system and University of Texas system. The property is also approximately 1.0 mile from the new Phillips 66 campus, a 1.1 million square foot development that will serve as the company's new headquarters. Upon completion, the new campus will employ approximately 1,800 people.

As of April 2015, the Woodlake/Westheimer submarket Class A occupancy rate was 83.5% with 3,363 total units. The appraisal identified six competitive properties that were built between 2003 and 2014 and range in size from 133 to 376 units. The occupancy for the rent comparables ranged from 91.0% to 98.0%, which excludes one property that is currently in a lease-up period. The average rent at the competitive properties ranged from \$1,237 to \$2,091 per unit or \$1.34 to \$1.73 per square foot. By comparison, the property's average monthly rent is \$1,454 per unit or \$1.65 per square foot. The appraisal points to the property's extensive amenities, age and higher quality as reasons for its higher rents. Within the Woodlake/Westheimer submarket there are two properties comprised of 714 units currently under construction. Despite low barriers to entry in the Houston market, the property is a well positioned Class A property in an area with substantial opportunity for commercial growth.

Historical and Current Occupancy <sup>(1)</sup>			
TTM	T-6	T-3	Current <sup>(2)</sup>
83.9%	91.9%	94.6%	93.4%

(1) Historical occupancies represent the average occupancies for the trailing twelve-, six- and three-month periods ended April 28, 2015.

(2) Current occupancy is as of April 28, 2015.

Multifamily Unit Mix <sup>(1)</sup>							
Unit Type	# of Units	% of Total	Occupied Units	Occupancy	Average Unit Size (Square Feet)	Average Monthly Rental Rate	Average Monthly Rental Rate PSF
Studio	30	11.7%	30	100.0%	696	\$1,303	\$1.87
1 Bedroom	162	63.3	152	93.8%	806	\$1,404	\$1.74
2 Bedroom	64	25.0	57	89.1%	1,159	\$1,801	\$1.55
<b>Total / Wtd. Avg.</b>	<b>256</b>	<b>100.0%</b>	<b>239</b>	<b>93.4%</b>	<b>881</b>	<b>\$1,492</b>	<b>\$1.69</b>

(1) Based on the underwritten rent roll.



## Alta Woodlake Square

	Operating History and Underwritten Net Cash Flow <sup>(1)</sup>					
	TTM <sup>(2)</sup>	T-6 <sup>(2)(3)</sup>	T-3 <sup>(2)(3)</sup>	Underwritten	Per Unit	% <sup>(4)</sup>
Rents in Place	\$4,416,860	\$4,392,240	\$4,392,240	\$4,262,715	\$16,651	90.4%
Vacant Income	0	0	0	319,841	1,249	6.8
<b>Gross Potential Rent</b>	<b>\$4,416,860</b>	<b>\$4,392,240</b>	<b>\$4,392,240</b>	<b>\$4,582,556</b>	<b>\$17,901</b>	<b>97.2%</b>
Reimbursements	117,447	128,630	138,184	132,976	519	2.8
<b>Net Rental Income</b>	<b>\$4,534,307</b>	<b>\$4,520,870</b>	<b>\$4,530,424</b>	<b>\$4,715,532</b>	<b>\$18,420</b>	<b>100.0%</b>
(Vacancy/Credit Loss/Concessions) <sup>(5)</sup>	(1,062,028)	(729,842)	(561,248)	(550,284)	(2,150)	(11.7)
Other Income	6,144	0	0	6,480	25	0.1
<b>Effective Gross Income</b>	<b>\$3,478,423</b>	<b>\$3,791,028</b>	<b>\$3,969,176</b>	<b>\$4,171,728</b>	<b>\$16,296</b>	<b>88.5%</b>
<b>Total Expenses<sup>(5)</sup></b>	<b>\$2,102,241</b>	<b>\$2,054,680</b>	<b>\$1,831,696</b>	<b>\$1,692,641</b>	<b>\$6,612</b>	<b>40.6%</b>
<b>Net Operating Income</b>	<b>\$1,376,182</b>	<b>\$1,736,348</b>	<b>\$2,137,480</b>	<b>\$2,479,086</b>	<b>\$9,684</b>	<b>59.4%</b>
Replacement Reserves	14,004	13,310	19,856	51,200	200	1.2
<b>Net Cash Flow<sup>(6)</sup></b>	<b>\$1,362,178</b>	<b>\$1,723,038</b>	<b>\$2,117,624</b>	<b>\$2,427,886</b>	<b>\$9,484</b>	<b>58.2%</b>

(1) No historical cash flows are available as the property was constructed in late 2013.

(2) T3, T6 and TTM columns represent the trailing twelve-, six- and three-month periods, respectively, each as of April 30, 2015.

(3) T3 and T6 columns represent annualized figures.

(4) Percentage column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.

(5) The decrease in Underwritten Vacancy/Credit Loss/Concessions and Total Expenses from TTM Vacancy/Credit Loss/Concessions and Total Expenses is due to concessions offered in connection with the lease up of the property and the related payroll and marketing expenses.

(6) The increase from TTM Net Cash Flow to Underwritten Net Cash Flow is due to the lease up of residential units during the latter half of 2014 and early 2015.

**Property Management.** The Alta Woodlake Square apartment community is managed by Elite Street Capital, LLC. The current management agreement commenced on May 15, 2015 and has a 12-month term and will automatically renew each month unless otherwise terminated by either party. The management agreement provides for a contractual management fee of 3.0% of the gross income, payable on a monthly basis. The management fees related to the Alta Woodlake Square property are subordinate to the liens and interests of the Alta Woodlake Square loan.

**Escrows and Reserves.** At origination, the borrower was required to deposit into escrow \$367,577 for tax reserves, \$33,000 for deferred maintenance, \$22,936 for insurance reserves and \$4,267 for replacement reserves.

**Tax Escrows** - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to \$61,263 (approximately \$2,872 per unit annually).

**Insurance Escrows** - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated insurance premium payments, which currently equates to \$7,645 (approximately \$358 per unit annually).

**Replacement Reserves** - On a monthly basis, the borrower is required to escrow approximately \$4,267 (approximately \$200 per unit annually) for replacement reserves. The reserve is not subject to a cap.

**Lockbox / Cash Management.** The loan is structured with a springing lockbox. Upon the occurrence of a Cash Sweep Event (as defined below), the borrower is required to establish the lockbox account and deposit all rents and payments into the lockbox account. During a Cash Sweep Event, all funds in the lockbox account are swept within two business days to a segregated cash management account under the control of the lender. To the extent there is a Cash Sweep Event continuing, all excess cash flow after payment of the mortgage and mezzanine debt service, required reserves and operating expenses will be held as additional collateral for the loan. The lender has a first priority security interest in the cash management account.

**"Cash Sweep Event"** means the occurrence of (i) an event of default, (ii) any bankruptcy action of the borrower or property manager, (iii) the date on which the debt service coverage ratio based on a trailing six months of gross income from operations is less than 1.05x, (iv) an event of default under the mezzanine loan documents or (v) failure of the mezzanine borrower to pay the mezzanine loan in full on or prior to the related anticipated repayment date under the mezzanine loan documents.

**Additional Debt.** The \$4.0 million mezzanine loan is secured by direct equity interests in the borrowers and is coterminous with the Alta Woodlake Square loan. The mezzanine loan is interest-only for the term of the loan and has a 9.50000% coupon through December 31, 2015, and 12.50000% coupon thereafter. Including the mezzanine loan, the Cut-off Date LTV is 86.9%, the UW NCF DSCR is 1.10x and the UW NOI Debt Yield is 7.1%.

**Alta Woodlake Square**

**Permitted Mezzanine Debt.** In connection with the prepayment in full and refinancing of the existing mezzanine loan, the mezzanine borrower will be permitted to obtain a mezzanine loan secured by the ownership interest in the borrower, subject to the terms and conditions of the loan documents, which include, without limitation, the following: (i) the aggregate combined loan-to-value ratio is not greater than 87.0%, (ii) the aggregate debt service coverage ratio (as calculated in the loan documents) is not less than 1.10x; (iii) the maturity date of the mezzanine loan is not earlier than the maturity date of the mortgage loan; and (iv) the lender of the mezzanine loan enters into an intercreditor agreement satisfactory to the lender.