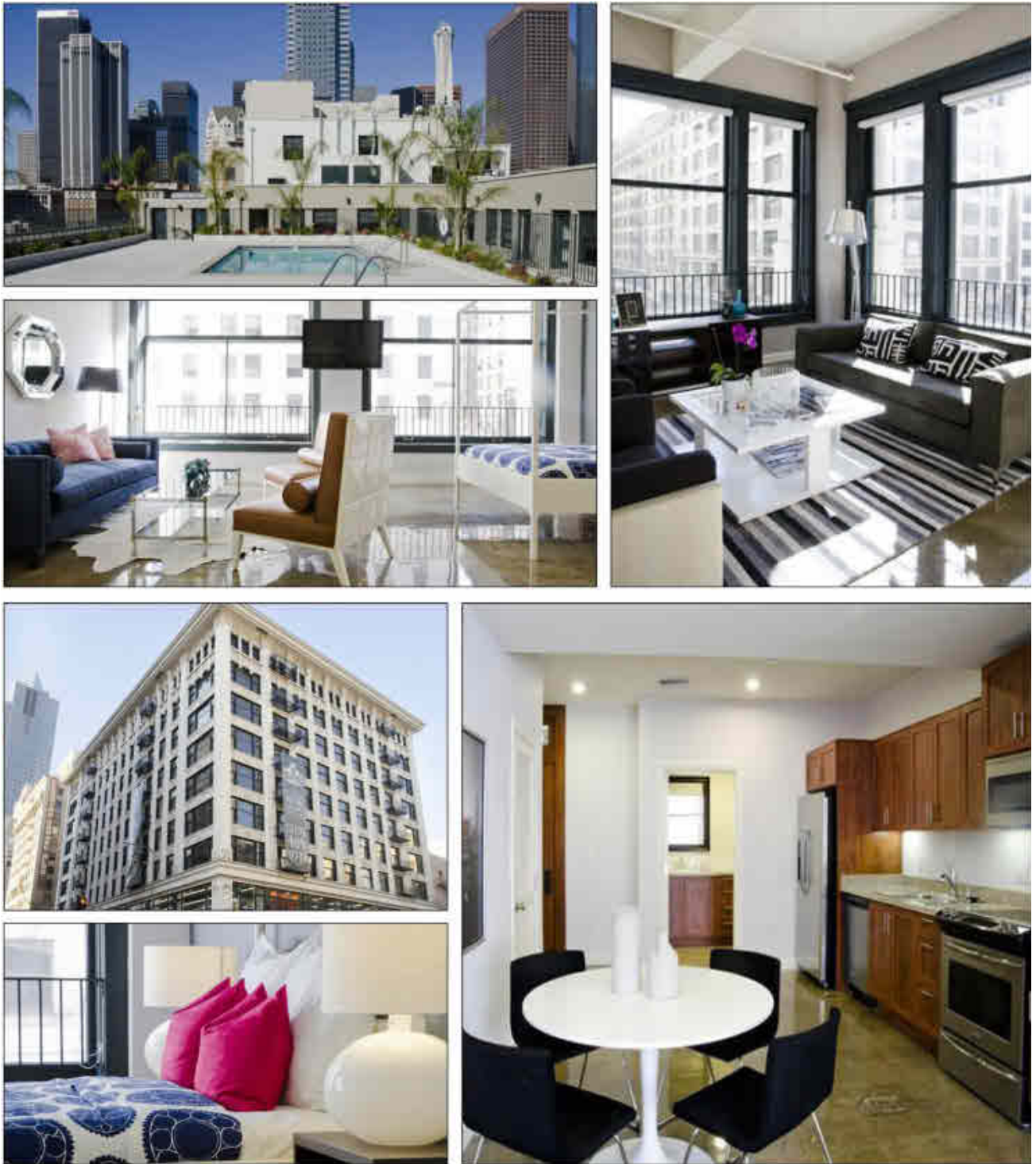


Mortgage Loan No. 10 — 449 South Broadway

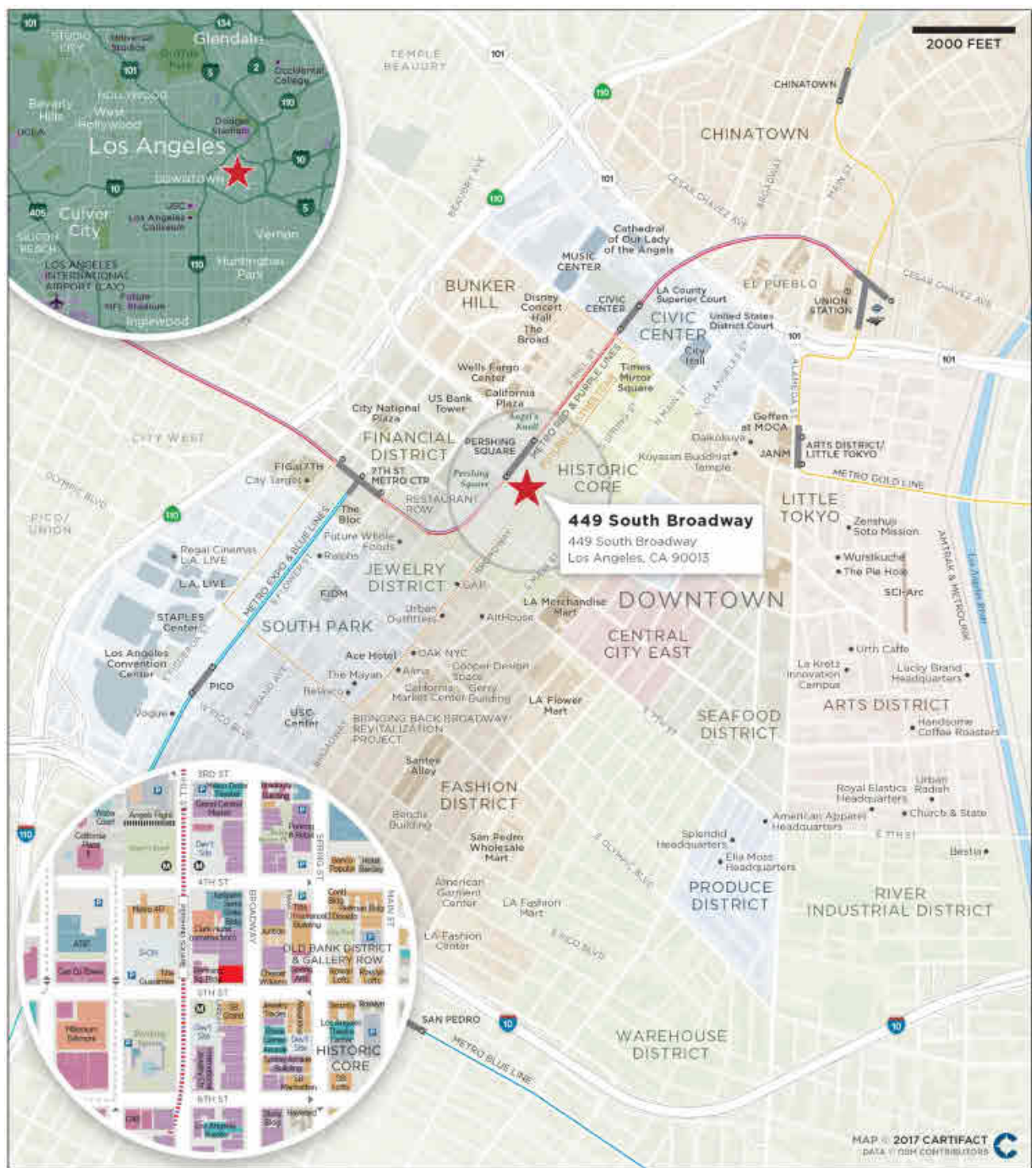


Mortgage Loan No. 10 — 449 South Broadway





Mortgage Loan No. 10 — 449 South Broadway



## Mortgage Loan No. 10 — 449 South Broadway

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	Natixis
<b>Original Principal Balance:</b>	\$31,750,000
<b>Cut-off Date Principal Balance:</b>	\$31,750,000
<b>% of Pool by IPB:</b>	3.9%
<b>Loan Purpose:</b>	Refinance
<b>Borrower:</b>	449 S. Broadway Borrower, LLC
<b>Sponsors:</b>	Michael Fallas; The Michael Fallas Living Trust
<b>Interest Rate:</b>	4.45000%
<b>Note Date:</b>	5/18/2017
<b>Maturity Date:</b>	6/5/2027
<b>Interest-only Period:</b>	120 months
<b>Original Term:</b>	120 months
<b>Original Amortization:</b>	None
<b>Amortization Type:</b>	Interest Only
<b>Call Protection:</b>	L(24),Def(92),O(4)
<b>Lockbox:</b>	Springing
<b>Additional Debt:</b>	No
<b>Additional Debt Balance:</b>	N/A
<b>Additional Debt Type:</b>	N/A
<b>Additional Future Debt Permitted:</b>	No

### Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype<sup>(1)</sup>:</b>	Multifamily – Mid-rise
<b>Net Rentable Area (Units)<sup>(1)</sup>:</b>	88
<b>Location:</b>	Los Angeles, CA
<b>Year Built / Renovated:</b>	1913 / 2012
<b>Occupancy<sup>(1)</sup>:</b>	97.7%
<b>Occupancy Date<sup>(1)</sup>:</b>	5/12/2017
<b>Number of Tenants:</b>	N/A
<b>2014 NOI:</b>	\$2,476,482
<b>2015 NOI:</b>	\$2,628,786
<b>2016 NOI:</b>	\$2,590,233
<b>TTM NOI<sup>(2)</sup>:</b>	\$2,576,014
<b>UW Economic Occupancy:</b>	93.1%
<b>UW Revenues:</b>	\$3,318,610
<b>UW Expenses:</b>	\$803,282
<b>UW NOI:</b>	\$2,515,327
<b>UW NCF:</b>	\$2,441,440
<b>Appraised Value / Per Unit<sup>(3)</sup>:</b>	\$49,500,000 / \$562,500
<b>Appraisal Date:</b>	4/18/2017

### Escrows and Reserves<sup>(4)</sup>

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$54,442	\$13,611	N/A
<b>Insurance:</b>	\$25,467	Springing	N/A
<b>Replacement Reserves:</b>	\$0	\$2,439	\$90,000
<b>TI/LC:</b>	\$0	\$3,760	N/A

### Financial Information

<b>Cut-off Date Loan / Unit:</b>	\$360,795
<b>Maturity Date Loan / Unit:</b>	\$360,795
<b>Cut-off Date LTV:</b>	64.1%
<b>Maturity Date LTV:</b>	64.1%
<b>UW NCF DSCR:</b>	1.70x
<b>UW NOI Debt Yield:</b>	7.9%

### Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$31,750,000	100.0%
<b>Total Sources</b>	<b>\$31,750,000</b>	<b>100.0%</b>

Uses	Proceeds	% of Total
Payoff Existing Debt <sup>(5)</sup>	\$21,333,503	67.2%
Return of Equity	9,391,110	29.6
Upfront Reserves	79,909	0.3
Closing Costs	945,479	3.0
<b>Total Uses</b>	<b>\$31,750,000</b>	<b>100.0%</b>

- (1) As of May 12, 2017, the property was 97.7% occupied. The property also includes 45,119 SF of retail space which is 93.9% occupied.
- (2) Represents the trailing twelve month period ending March 31, 2017.
- (3) Due to the property's designation as a historical building, the borrower is under contract with the City of Los Angeles through December 2022 as part of the Mills Act Historical Property Contract Program, a tax reduction and incentive program. Assuming participation in such program and the related tax treatment, the Appraised Value is \$54,300,000. The Appraised Value Per Unit, Cut-Off Date LTV and Maturity Date LTV based on \$54,300,000 will be \$617,045, 58.5%, 58.5%, respectively. See "Description of the Mortgage Pool—Real Estate and Other Tax Considerations" in the Prospectus.
- (4) For a more detailed description of escrows and reserves, please refer to "Escrows and Reserves" below.
- (5) Payoff Existing Debt includes a first mortgage loan of \$18,450,973 together with the prepayment penalty fee of \$2,882,530.

## Mortgage Loan No. 10 — 449 South Broadway

**The Loan.** The 449 South Broadway loan is a \$31.75 million first mortgage loan secured by the fee interest in the 449 South Broadway, an 88-unit multifamily property with 45,119 SF of commercial space located in Los Angeles, California. The loan has a 10-year term and is interest-only for the term of the loan.

**The Borrower.** The borrowing entity for the loan is 449 S. Broadway Borrower, LLC, a Nevada limited liability company and special purpose entity. The borrowing entity is owned by 90.0% by Michael Fallas, trustee of The Michael Fallas Living Trust and 10.0% by J&M Properties One, LLC.

**The Sponsors.** The loan's sponsors and nonrecourse carve-out guarantors are Michael Fallas and The Michael Fallas Living Trust. Mr. Fallas is the president, CEO and owner of National Stores, Inc, a family-owned company that owns and operates more than 365 off-price stores in 22 states and Puerto Rico. The stores sell apparel products and shoes for men, women, and children, backpacks and school supplies and home decor products. Mr. Fallas currently has an ownership interest in 50 properties valued at over \$167.0 million.

**The Property.** The property is a 10-story apartment building located in the Historic Core neighborhood of Downtown, Los Angeles, California that was built in 1913 and originally was the Los Angeles Public Library. The property is commonly known as the "Metropolitan Building" and was designed by John Parkinson. The property is designated a historical building but was converted to residential use in 2012 by the sponsors for a total cost of \$16.0 million. The borrower is currently under contract with the City of Los Angeles through December 2022 to maintain the historical architecture of the building, which may be inspected periodically, and is subject to a 12.5% penalty of the property's fair market value, which penalty is estimated to be approximately \$6.2 million. The sponsor guaranteed any payment of such penalty and has also guaranteed any increases in taxes due to expiration of the contract with the City of Los Angeles. The property consists of 88 loft-style units comprising 92,135 SF on floors three through 10 indicating an average unit size of 1,047 SF. The units feature stainless steel appliances, granite countertops, walk-in closets, central AC/heat, open floor plans, city skyline views, and an average ceiling height of 12 FT. The property amenities include a rooftop pool, BBQ area and jacuzzi, penthouse event space, a fitness center and a resident lounge. Residents at the property are afforded off-site parking on a month-to-month basis, located one block northwest on the corner of West 5th Street and Hill Street. Residents also have access to free on-site bike storage and can lease storage lockers.

The property also includes 45,119 SF of commercial space on the ground floor, basement and second floor that is primarily occupied by J&M Sales, Inc. DBA Fallas Paredes ("Fallas Paredes"), a borrower-affiliated discount retail store. Fallas Paredes has been at the property since 1996 when the sponsors purchased the property. 2,756 SF, formerly leased to a restaurant and fronting 5th Street, is vacant as of May 12, 2017.

The property is located at the northwest corner of South Broadway and West 5th Street in the Historic Core neighborhood of downtown, Los Angeles, California. The Historic Core neighborhood is currently being revitalized through a combination of renovations and new public and private development. Per the Downtown Center BID, over \$20.0 billion in public and private projects have been invested in between 1999 and 2015. The property is located directly across the street from the Pershing Square subway station, providing convenient access to public transportation within the Greater Los Angeles area. Union Station is also located approximately 1.2 miles northeast of the property, and is the Los Angeles central hub for all public rail transportation and the largest railroad passenger terminal in the western United States. Freeways serving downtown Los Angeles include: the Santa Monica Freeway (Interstate 10), the Santa Ana/Hollywood Freeway (U.S. Highway 101), the Harbor/Pasadena Freeway (State Route 110) and the Golden State Freeway (Interstate 5).

## Mortgage Loan No. 10 — 449 South Broadway

### Multifamily Unit Mix<sup>(1)</sup>

Unit Type	No. of Units	% of Total	Occupied Units	Occupancy	Average Unit Size (SF)	Average Monthly Rental Rate	Average Monthly Rental Rate PSF	Monthly Market Rental Rate <sup>(2)</sup>	Monthly Market Rental Rate PSF <sup>(2)</sup>
Loft-Style	88	100.0%	86	97.7%	1,047	\$2,170	\$2.08	\$2,294	\$2.19
<b>Total/Wtd. Avg.</b>	<b>88</b>	<b>100.0%</b>	<b>86</b>	<b>97.7%</b>	<b>1,047</b>	<b>\$2,170</b>	<b>\$2.08</b>	<b>\$2,294</b>	<b>\$2.19</b>

(1) Based on the underwritten rent roll dated May 12, 2017.

(2) Source: Appraisal.

### Retail Tenant Summary<sup>(1)</sup>

Tenant	Ratings Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	UW Base Rent PSF	Annual UW Base Rent	% of Annual UW Base Rent	Lease Expiration Date
Fallas Paredes	NR/NR/NR	42,363	93.9%	\$21.55	\$913,008	29.0%	5/1/2032

(1) Information obtained from the underwritten rent roll dated May 12, 2017.

**The Market.** The property is located in Los Angeles, California in the Downtown submarket. As of the first quarter of 2017, the submarket reported an average vacancy of 8.0%. The appraiser concluded a 5.0% vacancy for both the retail and multifamily components of the property.

The appraiser identified eight comparable rental properties, ranging from 42 units to 314 units that were constructed prior to 1928 and renovated between 2005 and 2016. Unit types vary between the buildings, including a mix of loft, studio, 1-bedroom, 2-bedroom, and 3-bedroom apartments. The competitive set reported a weighted average occupancy of approximately 96.0%. Average rents at the property are shown below in the competitive set. The properties in the appraisal's competitive set are all located in the Historic Core neighborhood within approximately 1.0 mile of the property and are shown in the below table.

### Competitive Set Summary<sup>(1)</sup>

Property	Year Built / Renovated	No. of Units	Avg. Unit Size (SF)	Avg. \$/ Unit	Occupancy	Distance from Property
<b>449 South Broadway</b>	<b>1913 / 2012</b>	<b>88<sup>(2)</sup></b>	<b>1,047<sup>(2)</sup></b>	<b>\$2,170<sup>(2)</sup></b>	<b>97.7%<sup>(2)</sup></b>	<b>N/A</b>
Lofts at the Security Building	1920 / 2006	154	696	\$2,284	96%	0.1 miles
The Blackstone	1917 / 2011	82	676	\$2,149	95%	0.5 miles
The Chapman	1913 / 2008	168	985	N/A	99%	0.4 miles
National City Tower Lofts	1924 / 2008	93	976	N/A	98%	0.5 miles
The Great Republic Lofts	1923 / 2008	72	818	\$2,444	96%	0.5 miles
Pacific Electric Lofts	1904 / 2005	314	1,236	N/A	95%	0.3 miles
Union Lofts	1928 / N/A	92	799	N/A	92%	0.5 miles
The Mint	1923 / 2016	42	1,179	\$2,394	93%	0.9 miles
<b>Total/Wtd. Avg.<sup>(3)</sup></b>		<b>1,017</b>	<b>972</b>		<b>96%</b>	

(1) Source: Appraisal.

(2) Based on the underwritten rent roll dated May 12, 2017.

(3) Excludes the subject property.

## Mortgage Loan No. 10 — 449 South Broadway

### Historical and Current Occupancy<sup>(1)</sup>

2013	2014	2015	2016	Current <sup>(2)</sup>
98.3%	97.1%	97.5%	95.9%	97.7%

- (1) Source: Historical Occupancy reflects the average occupancy for each year as provided by the sponsors.
- (2) Based on the underwritten rent roll dated May 12, 2017.

### Operating History and Underwritten Net Cash Flow

	2014	2015	2016	TTM <sup>(1)</sup>	Underwritten	Per Unit	% <sup>(2)</sup>
Rents in Place	\$2,854,329	\$2,978,509	\$2,972,266	\$2,963,404	\$3,152,424	\$35,823	88.4%
Other Income	330,933	335,394	316,227	317,220	218,876	2,487	6.1
Vacant Income	0	0	0	0	194,688	2,212	5.5
<b>Gross Potential Rent</b>	<b>\$3,185,262</b>	<b>\$3,313,903</b>	<b>\$3,288,492</b>	<b>\$3,280,624</b>	<b>\$3,565,988</b>	<b>\$40,523</b>	<b>100.0%</b>
Total Reimbursements	0	0	0	0	0	0	0.0
<b>Net Rental Income</b>	<b>\$3,185,262</b>	<b>\$3,313,903</b>	<b>\$3,288,492</b>	<b>\$3,280,624</b>	<b>\$3,565,988</b>	<b>\$40,523</b>	<b>100.0%</b>
(Vacancy/Collection Loss)	0	0	0	0	(247,379)	(2,811)	(6.9)
<b>Effective Gross Income</b>	<b>\$3,185,262</b>	<b>\$3,313,903</b>	<b>\$3,288,492</b>	<b>\$3,280,624</b>	<b>\$3,318,610</b>	<b>\$37,711</b>	<b>93.1%</b>
<b>Total Expenses<sup>(3)</sup></b>	<b>\$708,780</b>	<b>\$685,117</b>	<b>\$698,259</b>	<b>\$704,610</b>	<b>\$803,282</b>	<b>\$9,128</b>	<b>24.2%</b>
<b>Net Operating Income</b>	<b>\$2,476,482</b>	<b>\$2,628,786</b>	<b>\$2,590,233</b>	<b>\$2,576,014</b>	<b>\$2,515,327</b>	<b>\$28,583</b>	<b>75.8%</b>
Total TI/LC, Capex/RR	0	0	0	0	73,887	840	2.2
<b>Net Cash Flow</b>	<b>\$2,476,482</b>	<b>\$2,628,786</b>	<b>\$2,590,233</b>	<b>\$2,576,014</b>	<b>\$2,441,440</b>	<b>\$27,744</b>	<b>73.6%</b>

- (1) Represents the trailing twelve-month period ending March 31, 2017.
- (2) Percentage column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.
- (3) Real estate taxes were underwritten to 2016/2017 actual tax bills. The property's historic designation allows for participation in the Mills Act Historical Property Contract Program, resulting in a property tax reduction for the purpose of assisting in the costs needed to help rehabilitate, restore and maintain the structure. The borrower most recently entered into a contract with the City of Los Angeles in December 2012 to take part in the Mills Act Historical Property Contract Program for a ten-year term, which is automatically extended by one year with each annual anniversary of the commencement date, unless notice of nonrenewal has been provided by the sponsors or the City of Los Angeles. The sponsor guaranteed any payment of such penalty and has also guaranteed any increases in taxes due to expiration of the contract with the City of Los Angeles.

**Property Management.** The property is self-managed by the borrower.

**Escrows and Reserves.** At origination, the borrower deposited into escrow \$54,442 for real estate taxes and \$25,467 for insurance.

**Tax Escrows** - On a monthly basis, the borrower is required to escrow 1/12<sup>th</sup> of annual estimated tax payments, which currently equates to \$13,611.

**Insurance Escrows** - The loan documents do not require monthly escrows for insurance provided that (i) no event of default under the loan has occurred and is continuing, (ii) the borrower provides evidence that the insurance coverages required pursuant to the loan documents are being maintained under an acceptable blanket insurance policy and (iii) the borrower maintains an amount in the insurance escrow equal to six months' worth of monthly insurance premiums.

**Replacement Reserves** - On a monthly basis, the borrower is required to escrow \$564 (\$0.16 per retail SF annually) for ongoing replacement reserves related to the retail space and \$1,875 (\$256 per multifamily unit annually) for ongoing replacement reserves related to the multifamily space. The monthly replacement reserve related to the multifamily space is subject to a cap of \$90,000. If, at any time during the loan term, the balance of the replacement reserve related to the multifamily space falls below \$45,000, monthly deposits of \$1,875 are required to resume until the cap is met.

**TI/LC** - On a monthly basis, the borrower is required to deposit \$3,760 per month (\$1.07 per retail SF annually) with the lender for costs related to tenant improvements and leasing commissions.



## Mortgage Loan No. 10 — 449 South Broadway

**Lockbox / Cash Management.** The loan is structured with a springing lockbox and springing cash management. The 449 South Broadway loan requires all rents to be deposited directly by tenants of the property into the lockbox account. Prior to the occurrence of a Cash Management Period (as defined below), all funds in the lockbox account will be swept to the borrower's operating account. During a Cash Management Period, all funds in the lockbox account will be swept to a lender-controlled cash management account.

A "Cash Management Period" will commence upon: (i) an event of default under the 449 South Broadway loan documents or (ii) the failure by the borrower, after the end of a calendar quarter, to maintain a debt service coverage ratio of at least 1.15x; and will end with respect to clause (ii) above if for six consecutive calendar quarters since the commencement of the existing Cash Management Period (A) no event of default under the 449 South Broadway loan documents has occurred, (B) no event that constitutes another Cash Management Period has occurred and (C) the debt service coverage ratio is at least equal to 1.20x. In determining the debt service coverage ratio for purposes of clause (ii) above, the lender must include amounts (the initial full monthly rent annualized) for the tenants under executed commercial leases if either (a) such tenants are in occupancy of their demised space but who have not yet commenced paying full rent and are due to begin paying full rent within six months of the date of calculation or (b) such tenants are not yet in occupancy but have signed a lease approved in accordance with the 449 South Broadway loan documents and are scheduled to take occupancy of their demised space within six months of the date of calculation and the borrower has provided the lender with either a letter of credit in form and content wholly acceptable to the lender or a cash deposit in an amount equal to the first 12 months' full rent due under such lease, such letter of credit or cash deposit amount to be released, so long as no event of default is continuing, to the borrower at such time as such tenant takes full occupancy; provided that, in either case if, when excluding such amounts the debt service coverage ratio at the time of calculation is less than 1.05x, the borrower will be required to deposit the amount of free rent to the rollover reserves to be disbursed in accordance with the terms of the 449 South Broadway loan documents.