

The Marque at Heritage Hunt

Mortgage Loan Information

Mortgage Loan Seller:	SMF II
Original Principal Balance:	\$33,000,000
Cut-off Date Principal Balance:	\$33,000,000
% of Pool by IPB:	2.6%
Loan Purpose:	Refinance
Borrower:	Huntgain Marque LLC
Sponsors:	Richard Kress and Lawrence P. Burman
Interest Rate:	4.75700%
Note Date:	6/10/2014
Maturity Date:	7/6/2024
Interest-only Period:	60 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(24),Def(92),O(4)
Lockbox:	Soft
Additional Debt:	Yes
Additional Debt Balance:	\$3,000,000
Additional Debt Type:	Mezzanine Loan

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Multifamily - Mid Rise
Net Rentable Area (Units):	200
Location:	Gainesville, VA
Year Built / Renovated:	2006 / N/A
Occupancy:	98.5%
Occupancy Date:	5/21/2014
Number of Tenants:	N/A
2011 NOI:	\$1,924,856
2012 NOI:	\$2,608,127
2013 NOI:	\$2,485,269
TTM NOI (as of 4/2014):	\$2,504,076
UW Economic Occupancy:	89.8%
UW Revenues:	\$4,265,760
UW Expenses:	\$1,712,005
UW NOI:	\$2,553,755
UW NCF:	\$2,503,755
Appraised Value / Per Unit:	\$46,800,000 / \$234,000
Appraisal Date:	5/2/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$94,698	\$47,349	N/A
Insurance:	\$78,372	\$6,278	N/A
Replacement Reserves:	\$0	\$4,167	N/A
TI/LC:	\$0	\$0	N/A
Other⁽¹⁾:	\$667,698	\$0	N/A

Financial Information

Cut-off Date Loan / Unit:	\$165,000
Maturity Date Loan / Unit:	\$151,632
Cut-off Date LTV:	70.5%
Maturity Date LTV:	64.8%
UW NCF DSCR:	1.21x
UW NOI Debt Yield:	7.7%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$33,000,000	91.7%	Payoff Existing Debt	\$34,273,585	95.2%
Mezzanine Loan	3,000,000	8.3	Closing Costs	867,396	2.4
			Upfront Reserves	840,768	2.3
			Return of Equity	18,250	0.1
Total Sources	\$36,000,000	100.0%	Total Uses	\$36,000,000	100.0%

(1) The Initial Other Escrows and Reserves represent \$640,198 for a School Proffers reserve and \$27,500 for a deferred maintenance reserve.

The Loan. The Marque at Heritage Hunt loan has an outstanding balance of \$33.0 million and is secured by a first mortgage lien on a multifamily property consisting of 200 units located in Gainesville, Virginia. The loan has a 10-year term, and subsequent to an initial 60-month interest-only period, will amortize on a 30-year schedule. The previously existing debt was originated by Starwood Property Trust and held on its balance sheet. The loan sponsors and non-recourse carveout guarantors are Richard Kress and Lawrence P. Burman. Richard Kress and Lawrence P. Burman are principals of Diversified Investment Associates, LLC, a Baltimore based commercial real estate development and investment firm that has been in business for over 40 years and has closed transactions exceeding \$1.5 billion in total value during that period.

The Marque at Heritage Hunt

The Property. The Marque at Heritage Hunt is a 200-unit, Class A multifamily property located in Gainesville, Virginia. The property consists of one four-story apartment building that was built in 2006. Occupancy as of May 21, 2014 was 98.5%. The property is located in the Heritage Hunt planned unit development, a mixed-use office, retail, residential and hotel development on over 800 acres with an 18-hole championship private golf course. Nearby shopping includes the Virginia Gateway shopping center, a 1.1 million square foot open air retail center with over 100 national, regional and local merchants including Super Target, Giant, Best Buy, Home Goods, Lowes, PetSmart, Sports Authority and Walgreens; and The Shops at Stonewall, a 635,000 square foot power center anchored by Wegman's, Dick's Sporting Goods, Bed Bath & Beyond and Michaels. The property also has 294 parking spaces resulting in a parking ratio of 1.47 spaces per unit.

The Market. The property is located within the Prince William County submarket, approximately 25 miles west of Washington, D.C. The submarket had a 3.6% vacancy as of the first quarter of 2014. According to the appraisal, the current population within a 1- and 3-mile radius is 2,650 and 45,726, respectively. Additionally, the median household income within a 1- and 3-mile radius is \$132,679 and \$155,018, respectively. According to the appraisal, as of the first quarter of 2014, the Prince William County submarket multifamily market had 16,319 units. Average asking rent in the submarket as of the first quarter of 2014 was \$1,237 per unit per month.

Unit Type	# of Units	% of Total	Unit Mix ⁽¹⁾		Average Unit Size (SF)	Monthly Market Rent	Monthly In-Place Rents
			Occupied Units	Occupancy			
1 BR / 1 BA	28	14.0%	28	100.0%	838	\$1,469	\$1,458
1 BR / 1 BA + Sunroom	12	6.0	12	100.0%	882	\$1,625	\$1,483
1 BR / 1.5 BA	4	2.0	4	100.0%	870	\$1,581	\$1,552
1 BR / 1.5 BA + Study	16	8.0	15	93.8%	992	\$1,697	\$1,636
2 BR/ 1 BA	2	1.0	2	100.0%	1,181	\$1,774	\$1,740
2 BR/ 1.5 BA	4	2.0	4	100.0%	967	\$1,774	\$1,633
2 BR/ 1.5 BA + Study	9	4.5	9	100.0%	989	\$1,675	\$1,651
2 BR / 2 BA	76	38.0	76	100.0%	1,203	\$1,794	\$1,781
2 BR / 2 BA + Sunroom	6	3.0	6	100.0%	1,269	\$1,844	\$1,822
2 BR / 2 BA + Study	4	2.0	3	75.0%	1,304	\$2,219	\$2,207
2 BR / 2 BA + Study	4	2.0	4	100.0%	1,353	\$2,111	\$2,106
3 BR / 2 BA	35	17.5	34	97.1%	1,496	\$2,090	\$2,153
Total / Average	200	100.0%	197	98.5%	1,112	\$1,805	\$1,768

(1) Based on the property rent roll dated May 21, 2014.

Operating History and Underwritten Net Cash Flow

	2011	2012	2013	TTM ⁽¹⁾	Underwritten	Per Unit	% ⁽²⁾
Rents in Place	\$4,628,130	\$4,647,175	\$4,663,338	\$4,554,481	\$4,554,481	\$22,772	100.0%
Vacant Income	0	0	0	0	0	0	0.0
Gross Potential Rent	\$4,628,130	\$4,647,175	\$4,663,338	\$4,554,481	\$4,554,481	\$22,772	100.0%
Total Reimbursements	0	0	0	0	0	0	0.0
Net Rental Income	\$4,628,130	\$4,647,175	\$4,663,338	\$4,554,481	\$4,554,481	\$22,772	100.0%
(Vacancy/Credit Loss)	(1,279,791)	(530,573)	(654,788)	(464,589)	(464,589)	(2,323)	(10.2)
Other Income ⁽³⁾	146,198	206,342	176,903	175,868	175,868	879	3.9
Effective Gross Income	\$3,494,537	\$4,322,944	\$4,185,453	\$4,265,760	\$4,265,760	\$21,329	93.7%
Total Expenses	\$1,569,681	\$1,714,817	\$1,700,184	\$1,761,684	\$1,712,005	\$8,560	40.1%
Net Operating Income	\$1,924,856	\$2,608,127	\$2,485,269	\$2,504,076	\$2,553,755	\$12,769	59.9%
Total Capex/RR	0	0	0	0	50,000	250	1.2
Net Cash Flow	\$1,924,856	\$2,608,127	\$2,485,269	\$2,504,076	\$2,503,755	\$12,519	58.7%
Occupancy⁽⁴⁾	N/A	86.5%	87.5%	98.5%	89.8%		

(1) TTM column represents the trailing twelve month period ending April 30, 2014.

(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) Other Income represents garage/carport income, storage income, pet fees and application fees.

(4) TTM Occupancy represents occupancy as of May 21, 2014.