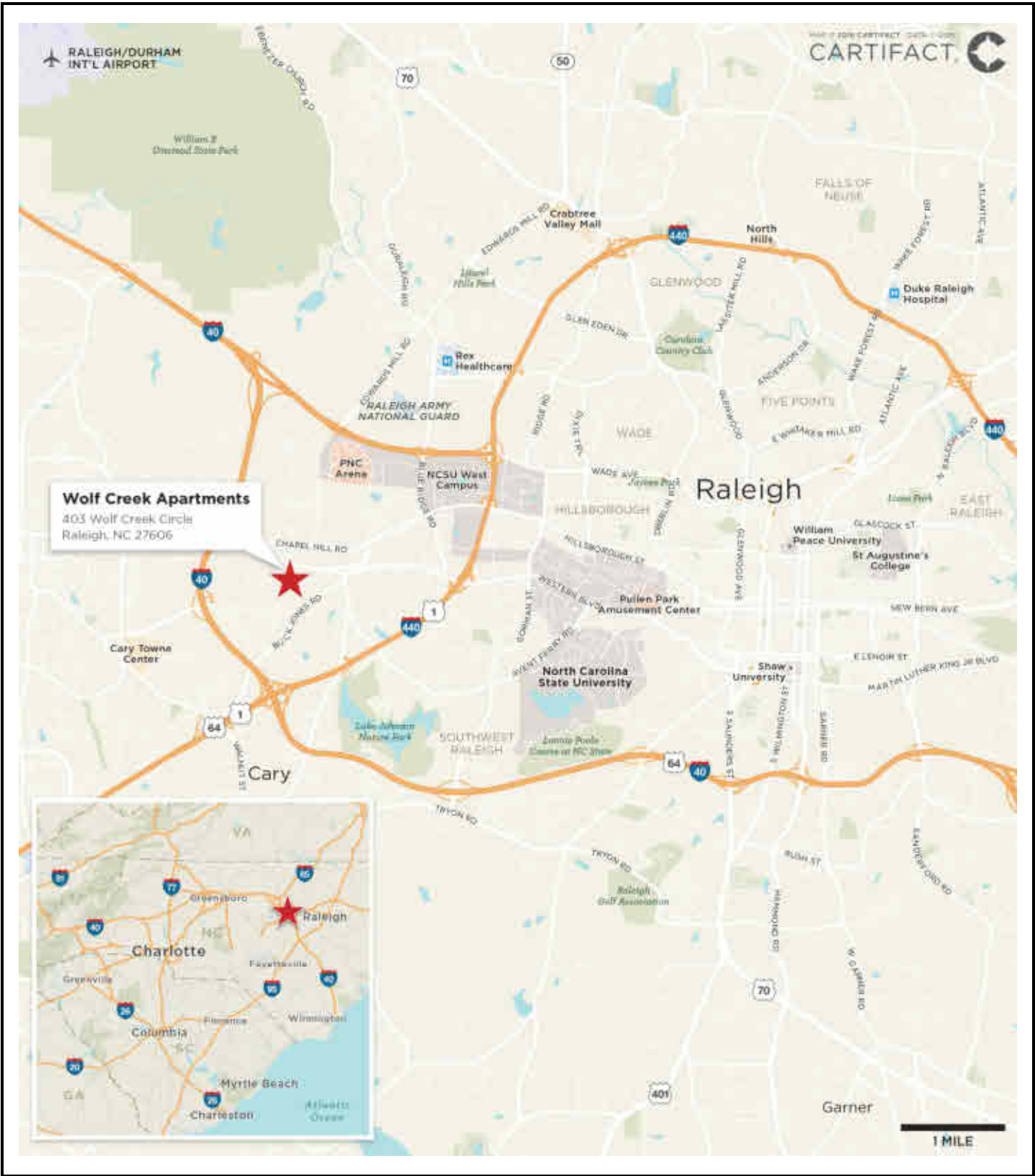


## Wolf Creek Apartments



Wolf Creek Apartments



## Wolf Creek Apartments

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	JPMCB
<b>Original Principal Balance:</b>	\$44,000,000
<b>Cut-off Date Principal Balance:</b>	\$44,000,000
<b>% of Pool by IPB:</b>	4.3%
<b>Loan Purpose:</b>	Acquisition
<b>Borrower:</b>	VIE Raleigh, LLC
<b>Sponsors:</b>	Safanad Limited and Harold Rosenblum
<b>Interest Rate:</b>	4.86000%
<b>Note Date:</b>	12/11/2015
<b>Maturity Date:</b>	1/1/2023
<b>Interest-only Period:</b>	36 months
<b>Original Term:</b>	84 months
<b>Original Amortization:</b>	360 months
<b>Amortization Type:</b>	IO-Balloon
<b>Call Protection:</b>	L(25),Grtr1%orYM(56),O(3)
<b>Lockbox:</b>	Soft
<b>Additional Debt:</b>	N/A
<b>Additional Debt Balance:</b>	N/A
<b>Additional Debt Type:</b>	N/A

### Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype:</b>	Multifamily – Student
<b>Net Rentable Area (Beds):</b>	1,392
<b>Location:</b>	Raleigh, NC
<b>Year Built / Renovated<sup>(1)</sup>:</b>	2001, 2007 / 2016
<b>Occupancy<sup>(2)</sup>:</b>	93.8%
<b>Occupancy Date:</b>	11/24/2015
<b>Number of Tenants:</b>	N/A
<b>2012 NOI:</b>	\$3,427,965
<b>2013 NOI:</b>	\$3,845,971
<b>2014 NOI:</b>	\$3,822,290
<b>TTM NOI (as of 10/2015):</b>	\$3,768,970
<b>UW Economic Occupancy:</b>	90.0%
<b>UW Revenues:</b>	\$7,261,666
<b>UW Expenses:</b>	\$3,638,457
<b>UW NOI:</b>	\$3,623,209
<b>UW NCF:</b>	\$3,414,409
<b>Appraised Value / Per Bed:</b>	\$65,200,000 / \$46,839
<b>Appraisal Date:</b>	10/5/2015

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

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$244,637	\$48,927	N/A
<b>Insurance:</b>	\$0	Springing	N/A
<b>Replacement Reserves:</b>	\$17,400	\$17,400	N/A
<b>TI/LC:</b>	\$0	\$0	N/A
<b>Other:</b>	\$429,959	Springing	N/A

### Financial Information

<b>Cut-off Date Loan / Bed:</b>	\$31,609
<b>Maturity Date Loan / Bed:</b>	\$29,644
<b>Cut-off Date LTV:</b>	67.5%
<b>Maturity Date LTV:</b>	63.3%
<b>UW NCF DSCR:</b>	1.22x
<b>UW NOI Debt Yield:</b>	8.2%

### Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$44,000,000	71.1%	Purchase Price	\$58,087,998	93.8%
Sponsor Equity	17,904,576	28.9	Closing Costs	3,124,582	5.0
			Upfront Reserves	691,996	1.1
<b>Total Sources</b>	<b>\$61,904,576</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$61,904,576</b>	<b>100.0%</b>

(1) Wolf Creek I was built in 2001 and Wolf Creek II was built in 2007.

(2) Occupancy includes a master lease with William Peace University, pursuant to which the university leases 292 beds for student housing. Please refer to "Master Lease" below.

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

**The Loan.** The Wolf Creek Apartments loan has an outstanding principal balance as of the Cut-off Date of \$44.0 million and is secured by a first mortgage lien on the borrower's fee interest in a 1,392-bed, student housing complex located in Raleigh, North Carolina. The loan has a seven-year term and, subsequent to a three-year interest-only period, will amortize on a 30-year schedule. The property was previously operated as two distinct properties under separate ownership. The previously existing debt for Wolf Creek I was securitized in the CGCMT 2006-C4 transaction and the previously existing debt for Wolf Creek II was securitized in the JPMCC 2012-C8 transaction. Wolf Creek I was built in 2001 and contains 216 units with a total of 768 beds; Wolf Creek II was built in 2007 and contains 168 units with another 624 beds.

**The Borrower.** The borrowing entity for the Wolf Creek Apartments loan is VIE Raleigh, LLC, a Delaware limited liability company and special purpose entity.



## Wolf Creek Apartments

**The Loan Sponsors.** The nonrecourse carve-out guarantor is Harold Rosenblum, the president and founder of The Woodlark Companies (“Woodlark”), which is also known as VIE Management. The loan sponsors are Harold Rosenblum and Safanad Limited (“Safanad”). In 2001, Rosenblum founded Woodlark, a privately-owned real estate investment company headquartered in Miami. Woodlark specializes in the acquisition, financing and ownership of institutional income producing multifamily housing. Woodlark has expertise managing multifamily housing, with a particular focus on student housing, and currently has reporting responsibility to more than 300 individual and institutional investors. Woodlark currently owns or controls over 5,000 apartment units comprising over 14,000 beds across 13 states at 21 universities totaling over \$500 million in assets. Founded in 2009, Safanad is a global principal investment firm that invests in real estate, education, financial services and healthcare among other sectors. Safanad is headquartered in Dubai and has offices in New York and London. Safanad Inc., the US subsidiary of Safanad, has approximately \$496 million of assets under management.

The loan sponsors acquired the property, which had two separate ownership groups, in 2015 for approximately \$58.1 million. The property is scheduled to undergo an extensive approximately \$4.67

million capital improvement plan to completely upgrade, reposition and rebrand the property as Vie at Raleigh, a single upscale student housing community. Renovations to all apartment units include interior painting, the installation of higher quality flooring and an upgrade to all appliances and furniture. Additionally, there will be a complete reconfiguration of the clubhouse and amenity space, which includes a significant expansion of the fitness center. The loan sponsors will have 18 months from the loan origination date to complete these planned capital expenditures. The renovation commenced in mid-January, beginning with unit renovations. The borrower was not required to reserve any funds with the lender, but the borrower intends to maintain funds sufficient to complete the renovation in its operating account as set forth in the loan documents for the capital improvement plan. The loan documents include a nonrecourse carve-out for any costs associated with uncompleted improvements.

**The Property.** The Wolf Creek Apartments property is a 1,392-bed student housing complex located in Raleigh, North Carolina. The property was built in two phases and is situated on approximately 41.48 acres. Wolf Creek I was built in 2001 and Wolf Creek II was built in 2007. The two properties were owned by two separate tenant in common entities prior to the loan sponsors’ acquisition. The property consists of 17 three-story buildings and a one-story clubhouse and is comprised of 36 two-bedroom/two-bathroom units, 72 three-bedroom/three-bathroom units and 276 four-bedroom/four-bathroom units. As of November 24, 2015, the property was 93.8% occupied. The units feature a fully furnished living room, bedrooms and dining area, a fully equipped kitchen, a full size washer, private baths and individually locking bedroom doors. Property amenities include a swimming pool, a clubhouse, a computer center, a fitness center, a game room, a tanning salon, a basketball, volleyball and tennis court, outdoor grilling area and a complimentary shuttle bus to the North Carolina State University (“NC State”) and William Peace University campuses. Additionally, the property has 1,136 parking spaces, resulting in a parking ratio of approximately 1.23 spaces per bed.

According to the appraisal, there is growing national demand for student housing. Universities are experiencing budget cuts that inhibit their ability to expand on-campus housing to keep up with rising student enrollment. The property is located within 8.3 miles of six universities, including NC State, Meredith College, Campbell Law School, Shaw University, William Peace University and St. Augustine’s University, which collectively have approximately 42,000 students. The property caters mainly to students at NC State, which is located approximately 2.8 miles east of the property. NC State has approximately 34,000 students, of which approximately 21,800 are full-time undergraduates, enrolled for the 2015-2016 academic year, and its enrollment is expected to grow to 37,000 by 2020. NC State has on campus housing that offers 8,950 beds to students and an additional 412 apartments to students, students with families, faculty and staff, resulting in excess demand of over 12,000 undergraduate students who are seeking off-campus housing. Approximately 78.0% of freshmen live on campus, but this is not required, and there are currently no new on-campus housing developments expected at NC State.

The appraisal identified six comparable student-oriented housing properties proximate to the Wolf Creek Apartments property. The Wolf Creek Apartments property comparables range from 440 to 718 beds with an average of 541 beds and indicate an effective rental range of \$505 to \$950 per bed, with an average of \$643 per bed. The comparable properties reported occupancies ranging from 93.0% to 98.0% with a weighted average occupancy of approximately 95.9%. Not included in the competitive set is the new 822-bed Stanhope student housing complex, which was opened adjacent to NC State in August 2015, and has an average rent of \$783 per bed. The appraisal does not identify any competitive developments in the pipeline.

Historical and Current Occupancy <sup>(1)</sup>			
2012	2013	2014	Current <sup>(2)</sup>
91.3%	87.7%	88.5%	93.8%

(1) Historical occupancies are as of December 31 of each respective year.

(2) Current Occupancy is as of November 24, 2015.

## Wolf Creek Apartments

Multifamily Unit Mix <sup>(1)</sup>						Average Unit Size (SF) <sup>(2)</sup>	Average Market Rent Per Bed <sup>(2)</sup>	Average Monthly In-Place Rents <sup>(2)</sup>
Unit Type	# of Units	# of Beds	% of Total	Occupied Beds	Occupancy <sup>(2)</sup>			
2 BR / 2 BA	36	72	5.2%	71	98.6%	460	\$607	\$555
3 BR / 3 BA	72	216	15.5	209	96.8%	395	\$526	\$438
4 BR / 4 BA	276	1,104	79.3	1,025	92.8%	358	\$519	\$446
<b>Total / Wtd. Avg.</b>	<b>384</b>	<b>1,392</b>	<b>100.0%</b>	<b>1,305</b>	<b>93.8%</b>	<b>369</b>	<b>\$525</b>	<b>\$450</b>

(1) Based on the rent roll dated November 24, 2015 provided by the borrower.

(2) Occupancy, Average Unit Size (SF), Average Market Rent Per Bed and Average Monthly In-Place Rents represent a weighted average of the various unit type layouts.

Operating History and Underwritten Net Cash Flow							
	2012	2013	2014	TTM <sup>(1)</sup>	Underwritten	Per Bed	% <sup>(2)</sup>
Rents in Place	\$7,719,542	\$7,894,721	\$7,768,190	\$7,466,915	\$7,056,420	\$5,069	92.8%
Vacant Income	0	0	0	0	543,480	390	7.2
<b>Gross Potential Rent</b>	<b>\$7,719,542</b>	<b>\$7,894,721</b>	<b>\$7,768,190</b>	<b>\$7,466,915</b>	<b>\$7,599,900</b>	<b>\$5,460</b>	<b>100.0%</b>
Total Reimbursements	0	0	0	0	0	0	0.0
<b>Net Rental Income</b>	<b>\$7,719,542</b>	<b>\$7,894,721</b>	<b>\$7,768,190</b>	<b>\$7,466,915</b>	<b>\$7,599,900</b>	<b>\$5,460</b>	
(Vacancy/Credit Loss)	(677,554)	(1,002,772)	(911,975)	(477,469)	(759,990)	(546)	
Other Income <sup>(3)</sup>	273,671	402,943	440,534	421,756	421,756	303	
<b>Effective Gross Income</b>	<b>\$7,315,659</b>	<b>\$7,294,892</b>	<b>\$7,296,749</b>	<b>\$7,411,202</b>	<b>\$7,261,666</b>	<b>\$5,217</b>	<b>95.5%</b>
<b>Total Expenses</b>	<b>\$3,887,694</b>	<b>\$3,448,921</b>	<b>\$3,474,459</b>	<b>\$3,642,232</b>	<b>\$3,638,457</b>	<b>\$2,614</b>	<b>50.1%</b>
<b>Net Operating Income</b>	<b>\$3,427,965</b>	<b>\$3,845,971</b>	<b>\$3,822,290</b>	<b>\$3,768,970</b>	<b>\$3,623,209</b>	<b>\$2,603</b>	<b>49.9%</b>
Replacement Reserves	0	0	0	0	208,800	150	
<b>Net Cash Flow</b>	<b>\$3,427,965</b>	<b>\$3,845,971</b>	<b>\$3,822,290</b>	<b>\$3,768,970</b>	<b>\$3,414,409</b>	<b>\$2,453</b>	<b>47.0%</b>

(1) TTM column represents the trailing 12-month period ending on October 31, 2015.

(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 damages/cleaning fees, application fees, pet fees, lease cancellation fees, key and lock fees, clubroom rental fees and late fees.

**Property Management.** The Wolf Creek Apartments property is managed by VIE Raleigh Manager, LLC. The current management agreement became effective on December 11, 2015 and has a five-year term. The management agreement provides for a contractual management fee of 3.0% of gross collected income, which includes rental, amenity and other income, and is payable on a monthly basis. The management fees are subordinate to the liens and interests of the Wolf Creek Apartments loan.

**Escrows and Reserves.** At origination, the borrower deposited \$252,063 for a deferred maintenance reserve, \$244,637 for real estate taxes, \$102,896 for a prepaid rent reserve, \$75,000 for an environmental reserve related to radon mitigation at certain units and \$17,400 for a replacement reserve.

**Tax Escrows** - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to \$48,927.

**Insurance Escrows** - The requirement for the borrower to make deposits to the insurance escrow is waived so long as no event of default has occurred and is continuing and the borrower provides satisfactory evidence that the property is insured as part of a blanket policy in accordance with the loan documents.

**Replacement Reserves** - On a monthly basis, the borrower is required to escrow \$17,400 (approximately \$150 per bed annually) for replacement reserves. The reserve is not subject to a cap.

**Prepaid Rent Reserves** - The borrower is required to deposit all rent paid more than one month in advance to a reserve for prepaid rent within two business days after receipt.

## Wolf Creek Apartments

**Lockbox / Cash Management.** The loan is structured with a soft lockbox. The borrower and manager are required to have all collected funds (other than prepaid rents) deposited into a lockbox account within two business days of receipt. All funds in the lockbox account are swept on each business day to a cash management account under the control of the lender and disbursed in accordance with the loan documents. The lender will have a first priority security interest in the cash management account. To the extent that (i) an event of default occurs, (ii) either the borrower or property manager becomes the subject of a bankruptcy, insolvency or similar action or (iii) the debt service coverage ratio as calculated in the loan documents, based on the trailing three-month period, falls below 1.15x, all excess cash flow after payment of all debt service, required reserves and operating expenses will be held as additional collateral for the loan.

**Master Lease.** Wolf Creek II is subject to a master lease with William Peace University ("William Peace") for the 2015-2016 academic year for a total of 74 units (72 fully furnished four-bedroom/four-bathroom units and two fully furnished two-bedroom/two-bathroom units, totaling 292 beds). The term runs for 12 months ending July 31, 2016 at a monthly rate of \$522 per bed. Additionally, the master lease requires the property manager to provide a shuttle bus system to the William Peace campus. At origination, the lender and William Peace entered into a subordination, non-disturbance and attornment agreement ("SNDA"), which subordinates the master lease to the mortgage loan, requires attornment in the event of a foreclosure and provides that William Peace's possession will not be disturbed in the absence of a default under the lease and certain other circumstances. In February 2016, the borrower and William Peace executed an agreement which terminates the existing master lease as of July 31, 2016 and entered into a new master lease for the 2016-2017 and 2017-2018 academic years. Under the new master lease, the borrower will lease 50 units and 196 beds to the university for two consecutive one-year terms, with each term commencing on August 12 and expiring on July 31. According to the borrower sponsor, the reduced number of units master leased to William Peace University will make more units available for rent to students from other universities; however, there can be no assurance that these units will ultimately be leased to other students. The new master lease requires William Peace University to pay annual rent of \$1,288,896 (\$548 per bed per month) for the 2016-2017 academic year and approximately \$1,327,563 (\$564.44 per bed per month) for the 2017-2018 academic year and includes two consecutive one-year renewal options for the 2018-2019 and 2019-2020 academic years.