

Mortgage Loan No. 7 — Aspen San Marcos



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Mortgage Loan Information

Mortgage Loan Seller:	Column
Original Principal Balance:	\$33,600,000
Cut-off Date Principal Balance:	\$33,600,000
% of Pool by IPB:	2.8%
Loan Purpose:	Refinance
Borrower:	Breckenridge Group Aquarena Springs, LP
Sponsors:	Breckenridge Development 2014, LLC; BRG Partners, LP
Interest Rate:	4.5600%
Note Date:	12/23/2014
Maturity Date:	1/6/2025
Interest-only Period:	48 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(26),Def(90),O(4)
Lockbox ⁽¹⁾ :	Springing
Additional Debt:	No
Additional Debt Balance:	N/A
Additional Debt Type:	N/A
Additional Future Debt Permitted:	No

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type – Subtype:	Multifamily – Student Housing
Net Rentable Area (Beds):	748
Location:	San Marcos, TX
Year Built / Renovated:	2014 / N/A
Occupancy:	98.4%
Occupancy Date:	11/11/2014
Number of Tenants:	N/A
2011 NOI ⁽²⁾ :	N/A
2012 NOI ⁽²⁾ :	N/A
2013 NOI ⁽²⁾ :	N/A
2014 NOI ⁽³⁾ :	\$2,919,539
UW Economic Occupancy:	95.3%
UW Revenues:	\$4,776,382
UW Expenses:	\$2,097,582
UW NOI:	\$2,678,800
UW NCF:	\$2,604,000
Appraised Value / Per Bed:	\$45,900,000 / \$61,364
Appraisal Date:	11/18/2014

Escrows and Reserves⁽⁴⁾

	Initial	Monthly	Initial Cap
Taxes:	\$248,316	\$62,079	N/A
Insurance:	\$31,354	\$7,840	N/A
Replacement Reserves:	\$0	\$6,233	N/A

Financial Information

Cut-off Date Loan / Bed:	\$44,920
Maturity Date Loan / Bed:	\$40,282
Cut-off Date LTV:	73.2%
Maturity Date LTV:	65.6%
UW NCF DSCR:	1.27x
UW NOI Debt Yield:	8.0%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$33,600,000	100.0%
Total Sources	\$33,600,000	100.0%

Uses	Proceeds	% of Total
Payoff Existing Debt	\$25,539,028	76.0%
Return of Equity	5,774,981	17.2
Closing Costs	2,006,320	6.0
Upfront Reserves	279,671	0.8
Total Uses	\$33,600,000	100.0%

- (1) For a more detailed description of Lockbox, please refer to "Lockbox / Cash Management" below.
- (2) The property was recently constructed in 2014. Therefore, 2011, 2012 and 2013 NOI are not available.
- (3) Represents trailing five months ending December 31, 2014, as an annualized figure.
- (4) For a more detailed description of Escrows and Reserves, please refer to "Escrows and Reserves" below.

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The Loan. The Aspen San Marcos loan has an outstanding principal balance of \$33.6 million and is secured by a first mortgage lien on a newly constructed, Class A student housing property located in San Marcos, Texas. The loan has a 10-year term and, subsequent to a four-year interest-only period, will amortize on a 30-year schedule.

The Borrower. The borrowing entity for the Aspen San Marcos loan is Breckenridge Group Aquarena Springs, LP, a bankruptcy remote, single-purpose Texas limited partnership. The borrower is 0.50% owned by its general partner, BGAS GP, LLC and 99.5% by the limited partner, BGAS, LLC. Both of these entities are wholly owned by Aspen Heights 2014, LP.

The Sponsors. The loan sponsors and non-recourse carve-out guarantors of the mortgage loan are BRG Partners, LP and Breckenridge Development 2014, LLC. Neither entity has a direct ownership interest in the property; however, both entities are managed by Greg Henry, who will have an indirect ownership interest in the borrower through his ownership interests in Aspen Heights Credit Enhancement 2014, LP; Aspen Heights Management Company 2014, LLC; and BRG Partners 2014, LP. BRG Partners 2014, LP (“BRG”) has an ownership interest in eight student housing communities developed by Aspen Heights 2014, LP, with a total of 6,243 beds in eight markets. As of October 1, 2014, the guarantors reported a combined liquidity and shareholder equity of \$1.963 million and \$26.3 million, respectively.

The Property. The property is a 240-unit / 748-bed, newly constructed Class A off-campus student-housing development located in San Marcos, Texas. Most of the residents are students at Texas State University, which is located approximately 2.0 miles from the property. The site is within a cluster of student housing multifamily developments. A university sponsored bus service, the Bobcat Shuttle, is third-party operated and connects the subject to campus.

The property is situated on 14.2 acres and features one 3-story and three 4-story residential buildings, and one one-story clubhouse building. The property was constructed in 2014, and opened for occupancy in July 2014. Property amenities include a clubhouse, fitness center, sports courts, swimming pool, computer lab, study lounge, tanning beds, elevators, interior courtyard areas, pet park, campus shuttle service and access gates. On-site parking consists of concrete or asphalt paved open parking lots with 826 surface spaces, or 1.1 spaces per bed.

Units are fully furnished and include typical furnishings for a student housing development, such as a bed, desk, dresser, coffee table, end table and couch. Units feature patios or balconies, secured entry, and private bathrooms for each bedroom, as well as kitchens with a standard appliance package including a refrigerator, oven/range, dishwasher and stainless steel sinks. Additionally, each unit has a washer and dryer.

Access to the neighborhood is provided by Aquarena Springs Drive and by IH-35 which is a major north/south freeway system providing direct access to San Antonio to the south and Dallas to the north. The San Marcos Municipal Airport is located just a short distance to the east. Significant retail development is located along IH-35 and also just a mile south of the property, at the intersection of IH-35 and Highway 80. This intersection is anchored with a Wal-Mart Supercenter and Hobby Lobby.

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Multifamily Unit Mix⁽¹⁾

Unit Type	# of Beds	% of Total	Occupied Beds	Occupancy	Average Unit Size (SF)	Average Monthly Rental Rate	Average Monthly Rental Rate PSF	Monthly Market Rental Rate ⁽²⁾	Monthly Market Rental Rate PSF ⁽²⁾
B1/2BR/2BA	120	16.0%	120	100.0%	408	\$574	\$1.41	\$591	\$1.45
B2/2BR/2BA	28	3.7%	26	92.9%	422	\$585	\$1.39	\$590	\$1.40
B2-A/2BR/2BA	4	0.5%	4	100.0%	422	\$590	\$1.40	\$590	\$1.40
C1/3BR/3BA	174	23.3%	171	98.3%	368	\$537	\$1.46	\$541	\$1.47
C1-A/3BR/3BA	6	0.8%	6	100.0%	368	\$535	\$1.45	\$540	\$1.47
D1/4BR/4BA	176	23.5%	173	98.3%	323	\$507	\$1.57	\$521	\$1.61
D1B/4BR/4BA	60	8.0%	56	93.3%	320	\$506	\$1.58	\$519	\$1.62
D1B-A/4BR/4BA	4	0.5%	4	100.0%	320	\$499	\$1.56	\$519	\$1.62
D2/4BR/4BA	176	23.5%	176	100.0%	332	\$512	\$1.54	\$521	\$1.57
Total/Wtd. Avg.	748	100.0%	736	98.4%	354	\$529	\$1.50	\$540	\$1.53

(1) Based on the rent roll dated November 11, 2014. Administrative and model units have been underwritten as vacant.

(2) Source: Appraisal.

The Market. The property is located on Aquarena Springs Drive at the southwest corner of Aquarena Springs Drive and River Road, approximately 2.0 miles northeast of Texas State University, which is the sixth largest university in the state with a 2014 enrollment of over 36,000 students and student enrollment growth of approximately 37.2% over the past 10 years. Enrollment has increased for 16 straight years. Shopping venues, restaurants and recreational amenities are easily accessible to the property. There is an H-E-B grocery store and a Wal-Mart Supercenter, both located approximately 3.0 miles from the property. There is ample retail along IH 35 including several big box retailers. San Marcos also has two outlet malls – San Marcos Premium Outlets and Tanger Outlets Center. Both are located on the east side of IH 35 approximately 6.0 miles southeast of the property. Retailers at the outlets include J. Crew, Calvin Klein, Coach, Prada, Salvatore Ferragamo, A|X Armani Exchange, Gucci, Kenneth Cole, Tourneau, Fossil, and Adidas.

On-Campus Supply: Texas State University offers 23 residence halls and two on-campus student apartments, which provide housing for approximately 7,200 students. Freshmen with fewer than 30 credit hours are required to live on campus. There are no additional on-campus housing projects planned or under construction. For the 2014/2015 academic year, annual rent for on-campus housing for room only, excluding board, is \$6,920/bed (\$577/bed/month) for a double occupancy room with community bathrooms and from \$5,110 to \$6,740/bed (\$426 to \$562/bed/month) for double or triple occupancy rooms with a bath facility in each room. Single occupancy apartments are \$8,970 per year (\$748 per month). These apartments are only leased to students that are at least 19 years of age and have been out of high school for at least one year. On-campus housing accommodates about 20% of the students enrolled at Texas State University; therefore, private housing, generally in the form of apartments, comprises a majority of the student housing supply within the local market.

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According to the appraisal, the trade area within a 5-mile radius contains approximately 61,203 people, with an average household income of \$43,862, as of 2014. The properties in the appraisal's competitive set are shown in the below table.

Competitive Set Summary⁽¹⁾

Property	Year Built	No. of Beds	Avg. Unit Size (SF)	Avg. \$/ Bed	Fall 2014 Occupancy	Distance from Texas State University
Lodge at Southwest	2000	770	1,058	\$511	99%	2.5 miles
Villagio	2006	492	1,057	\$517	92%	2.2 miles
University Heights	2001	816	1,042	\$506	95%	3.2 miles
University Heights II	2005	672	956	\$556	97%	3.0 miles
Vistas San Marcos	2013	551	958	\$684	98%	0.5 miles
Sanctuary Lofts	2006	415	876	\$742	97%	0.7 miles
Total/Wtd. Avg.		3,716	991	\$586	96%	
Aspen San Marcos	2014	748⁽²⁾	354⁽²⁾	\$529⁽²⁾	98%⁽²⁾	2.0 miles

(1) Source: Appraisal.

(2) Based on rent roll dated November 11, 2014.

Cash Flow Summary

	TTM ⁽¹⁾	Underwritten	Per Unit	% ⁽²⁾
Rents in Place ⁽³⁾	\$4,748,030	\$4,675,954	\$6,251	93.3%
Vacant Income	0	76,238	102	1.5%
Gross Potential Rent	\$4,748,030	\$4,752,192	\$6,353	94.8%
Other Income	170,616	261,800	350	5.2%
Reimbursements	0	0	0	0.0%
Net Rental Income	\$4,918,646	\$5,013,992	\$6,703	100.0%
(Vacancy/Credit Loss)	(100,448)	(237,610)	(318)	(4.7%)
Effective Gross Income	\$4,818,197	\$4,776,382	\$6,386	95.3%
Total Expenses	\$1,898,658	\$2,097,582	\$2,804	43.9%
Net Operating Income	\$2,919,539	\$2,678,800	\$3,581	56.1%
Replacement Reserves	0	74,800	100	1.6%
Net Cash Flow	\$2,919,539	\$2,604,000	\$3,481	54.5%

(1) Represents trailing five months ending December 31, 2014, as an annualized figure.

(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) Underwritten Rents in Place are based on the November 11, 2014 rent roll, with the appraiser's market rents applied to vacant and administrative/model units.

Property Management. The property is managed by Aspen Heights 2014, LP through Breckenridge Property Management 2014, LLC, ("Breckenridge Management"), an affiliate of the borrower. Aspen Heights 2014, LP is headquartered in Austin, Texas and has over 100 employees. It currently has under management 15 student properties located in 13 different cities, with a total of approximately 10,600 beds.

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Escrows and Reserves. At the time of closing, the borrower deposited into escrow an initial deposit of \$248,316 for taxes and \$31,354 for insurance.

Tax Escrow: On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, currently equal to \$62,079.

Insurance Escrow: On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated insurance payments, currently equal to \$7,840.

Replacement Reserves: On a monthly basis, the borrower is required to escrow 1/12 of \$74,800 (\$6,233) for replacement reserves.

Lockbox / Cash Management. The loan is structured with a springing lockbox. The borrower and lockbox bank acknowledge and confirm that upon written notification from the lender that the first Cash Sweep Event, if any, has occurred, the borrower will promptly establish and maintain a segregated eligible account (the "Lockbox Account") with the lockbox bank in trust for the benefit of the lender. The lender has a first priority security interest in the cash management account. Upon the occurrence and during the continuance of a Cash Sweep Event, all funds deposited into the cash management account will be applied by the lender to the payment of tax and insurance escrow fund, fees and expenses of the agent when due and payable pursuant to the cash management agreement, debt service, replacement reserve fund, any other amounts then due to the lender, monthly cash expenses and extraordinary expenses. Payment of any excess amounts after these items (the "Excess Cash Flow") is required to be deposited into the Excess Cash Flow reserve account.

A "Cash Sweep Event" means: (i) an event of default, (ii) any bankruptcy action of the borrower or manager, or (iii) the debt service coverage ratio is less than 1.05x for two consecutive calendar quarters.