Chandler Crossings Portfolio






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J.P.Morgan

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Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	$85,000,000
Cut-off Date Principal Balance:	$85,000,000
% of Pool by IPB:	6.5%
Loan Purpose:	Acquisition
Borrowers(2):	Various
Sponsors:	Patrick N. Smith and Harold Rosenblum
Interest Rate:	4.16900%
Note Date:	1/31/2013
Maturity Date:	2/1/2023
Interest-only Period:	24 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Grtr1%orYM(92),O(3)
Lockbox:	Soft
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Portfolio
Title:	Fee
Property Type - Subtype:	Multifamily - Student Housing
Number of Beds(1):	2,772
Location:	East Lansing, MI
Year Built / Renovated:	Various / N/A
Occupancy:	96.5%
Occupancy Date:	1/15/2013
Number of Tenants:	N/A
2010 NOI:	$6,528,336
2011 NOI:	$7,200,760
TTM NOI(3):	$7,104,494
UW Economic Occupancy:	92.5%
UW Revenues:	$15,203,432
UW Expenses:	$7,756,860
UW NOI:	$7,446,572
UW NCF:	$7,100,072
Appraised Value / Per Bed(1):	$116,400,000 / $41,991
Appraisal Date:	1/22/2013

Escrows and Reserves(4)

	Initial	Monthly	Initial Cap
Taxes:	$374,994	$147,613	N/A
Insurance:	$197,646	Springing	N/A
Replacement Reserves:	$28,875	$28,875	N/A
TI/LC:	$0	$0	N/A
Other:	$8,967,980	$0	N/A

Financial Information

Cut-off Date Loan / Bed(1):	$30,664
Maturity Date Loan / Bed(1):	$25,952
Cut-off Date LTV:	73.0%
Maturity Date LTV:	61.8%
UW NCF DSCR:	1.43x
UW NOI Debt Yield:	8.8%

(1) The portfolio consists of 852 units with a total of 2,772 beds. The portfolio is leased on a per bed basis.
(2) For a full description of the borrowers, please refer to "*The Borrowers*" section below.
(3) TTM NOI represents the trailing twelve month period ending November 30, 2012. Due to the timing of the acquisition, 2012 year end financials were not made available to the borrower.
(4) For a full description of Escrows and Reserves, please refer to the "*Escrows and Reserves*" section below.

The Loan. The Chandler Crossings Portfolio loan has an outstanding principal balance of $85.0 million and is secured by first mortgage liens on a portfolio of three multifamily student housing properties totaling 852 units (2,772 beds) located in East Lansing, Michigan. The loan has a 10-year term, and subsequent to a 24-month interest-only period, amortizes on a 30-year schedule. The proceeds of the loan, along with $18.0 million of preferred equity and approximately $12.2 million of sponsor equity, were used to acquire the properties for $101.8 million, fund upfront reserves of $9.6 million and pay closing costs of $3.9 million.

The Borrowers. The borrowing entities for the loan are The Village at MSU, LLC, The ClubSpa at MSU, LLC and The Landings at MSU, LLC, each a Delaware limited liability company and a special purpose entity.

The Sponsors. The loan's sponsors and nonrecourse carve-out guarantors are Patrick N. Smith and Harold Rosenblum. Mr. Smith is the President of WestPac Investments, Inc ("WestPac") and Mr. Rosenblum is the President of Woodlark Companies ("Woodlark"). WestPac is a real estate development and management firm that works with a diversified, privately-held investment portfolio. WestPac and its principals have put together projects that include over 5,000 apartment units, seven hotels, five senior housing communities and numerous condominiums and office buildings. Woodlark is a privately-owned real estate investment company specializing in the acquisition, financing and ownership of institutional income-producing multifamily housing properties. Woodlark currently owns or controls over 5,000 apartment units, comprising over 14,000 beds in 13 states at 21 different universities. Woodlark was identified by Student Housing Business Magazine in 2012 as the 8th largest owner and 14th largest manager of student housing in the United States.

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The Properties. The portfolio consists of three multifamily student housing properties totaling 852 units (2,772 beds) located in East Lansing, Michigan that were built between 2001 and 2003. As of January 15, 2013, the portfolio was 96.5% leased and was 64.2% preleased for the 2013-2014 school year as of March 2013. The portfolio offers residents comprehensive amenities including outdoor and indoor swimming pools, 24-hour fitness centers, yoga rooms, tennis and racquetball courts, an ice skating rink, indoor and outdoor basketball courts, sand volleyball courts, tanning beds, screening rooms, study and meeting rooms and 3.3 spaces per unit of outdoor parking. Units are rented fully furnished and include full size washer/dryers, dishwasher, private balcony or patio, cable and internet. Units within the portfolio are rented by the bed, and residents sign a 12-month lease for the academic year with sponsor or parental guarantees. Rent is paid on a monthly basis and is inclusive of cable, internet, water, sewer and trash. The properties are located approximately 2.5 miles from the Michigan State University ("MSU") campus and cater primarily to MSU's student population. The properties are served by the Capital Area Transportation Authority ("CATA") bus system which stops at each property and serves the MSU campus, shopping centers and downtown Lansing. CATA provides stops at the properties at the expense of the owner.

The sponsors purchased the portfolio for approximately $101.8 million ($119,425 a unit / $36,706 per bed) and are planning to complete an approximately $9.0 million ($10,616 per unit) renovation over the next three years. All of the units will be renovated and/or upgraded with new flooring, paint, furniture, appliances, countertops, lighting, cabinets and hardware, fixtures and water heaters. The renovations are expected to position the portfolio to more effectively compete with the interiors offered at newer properties in the market. The sponsor anticipates the renovated units will receive a $100 rent premium per bed based on the rents that have been achieved at several existing upgraded units within the portfolio.

MSU is a major four-year university that is part of the Big Ten Conference with total enrollment of approximately 48,900 for the 2012/2013 school year. Fall 2012 enrollment represents a 6.2% increase over 2007 enrollment. Of the 2012 enrollment approximately 36,800 are undergraduates, 10,200 are graduates and 1,900 are non-degree students. MSU offers on-campus housing that can accommodate approximately 15,000 students in two residence halls and two apartment complexes. The on-campus housing can accommodate approximately 30% of the 2012 enrollment and is currently operating at 100% occupancy. According to the sponsor, MSU has no plans for the construction or addition of on-campus housing.

The appraisal identified five competitive properties for the portfolio ranging from 106 units (355 beds) to 222 units (654 beds) that were constructed between 1998 and 2011. The competitive set reported a weighted average occupancy of 98.9%. According to the appraisal, there is one cottage style development with 172 new units (approximately 700 beds) within a quarter mile of the properties that is currently under construction, with a portion of the property scheduled to open by the fall of 2013. There is also one other planned 300-bed development in the area, however, according to the appraisal, a proposed timeline for construction or opening currently does not exist.

Property Summary

Property	Year Built	Units	Beds	Number of Buildings	Appraised Value	Underwritten Net Cash Flow	Monthly In-Place Rent Per Bed(1)	Monthly Market Rent Per Bed(2)
The Village	2002	336	1,068	22	$45,100,000	$2,750,376	$469	$545
The Landings	2001	306	936	22	38,900,000	2,440,910	$478	$540
The Club	2003	210	768	16	32,400,000	1,908,785	$473	$548
Total		**852**	**2,772**	**60**	**$116,400,000**	**$7,100,072**	**$473**	**$544**

(1) Monthly In-Place Rent Per Bed based on the January 15, 2013 rent roll.
(2) Monthly Market Rent Per Bed based on the appraisals' concluded market rents.

Historical and Current Occupancy(1)

Property	2010	2011	2012	Current(2)	2013-2014 Preleasing(3)
The Village	82.9%	94.4%	93.8%	96.3%	63.5%
The Landings	91.7%	93.9%	94.5%	96.4%	64.6%
The Club	89.4%	89.0%	91.8%	97.0%	66.4%
Weighted Average	**87.7%**	**92.7%**	**93.5%**	**96.5%**	**64.2%**

(1) Historical Occupancies are the average for each respective year.
(2) Current Occupancy as of January 15, 2013.
(3) 2013-2014 Preleasing represents leases that have been signed for the 2013-2014 academic school year as of March 29, 2013.

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Portfolio Unit Mix[1]							
Unit Type	# of Units	# of Beds	% of Total	Occupied Beds	Occupancy	Average Unit Size (SF)	Average Monthly In-Place Rent Per Bed
1 Bed	36	36	1.3%	36	100.0%	600	$658
2 Bed	156	309	11.1%	298	96.4%	926	$551
3 Bed	216	650	23.4%	626	96.3%	1,114	$460
4 Bed	444	1,777	64.1%	1,716	96.6%	1,412	$435
Total / Wtd. Avg.	**852**	**2,772**	**100.0%**	**2,767**	**96.5%**	**1,213**	**$473**

(1) Data from borrower rent roll as of January 15, 2013.

Operating History and Underwritten Net Cash Flow						
	2010	2011	TTM[1]	Underwritten	Per Bed	%[2]
Rents in Place[3]	$15,083,572	$15,247,001	$15,491,347	$15,192,515	$5,481	96.6%
Vacant Income	0	0	0	542,224	195	3.4
Gross Potential Rent	**$15,083,572**	**$15,247,001**	**$15,491,347**	**$15,734,739**	**$5,676**	**100.0%**
Total Reimbursement	0	0	0	0	0	0.0
Net Rental Income	**$15,083,572**	**$15,247,001**	**$15,491,347**	**$15,734,739**	**$5,676**	**100.0%**
(Vacancy/Credit Loss)	(1,700,240)	(1,277,393)	(1,353,051)	(1,185,399)	(428)	(7.5)
Other Income	589,024	547,644	654,092	654,092	236	4.2
Effective Gross Income	**$13,972,356**	**$14,517,252**	**$14,792,388**	**$15,203,432**	**$5,485**	**96.6%**
Total Expenses	**$7,444,020**	**$7,316,492**	**$7,687,894**	**$7,756,860**	**$2,798**	**51.0%**
Net Operating Income	**$6,528,336**	**$7,200,760**	**$7,104,494**	**$7,446,572**	**$2,686**	**49.0%**
Total Capex/RR	0	0	0	346,500	125	2.3
Net Cash Flow	**$6,528,336**	**$7,200,760**	**$7,104,494**	**$7,100,072**	**$2,561**	**46.7%**

(1) TTM represents the trailing twelve month period ending November 30, 2012. Due to the timing of the acquisition, 2012 year end financials were not made available to the borrower.
(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 January 15, 2013 rent rolls annualized.

Property Management. The portfolio is managed by Woodlark Chandler Crossings Manager, LLC, an affiliate of the sponsors.

Escrows and Reserves. At closing, the borrower deposited into escrow approximately $4.5 million for planned capital improvements, $3.5 million for a performance reserve, $903,668 for prepaid rent, $374,994 for initial taxes reserves, $197,646 for insurance, $64,313 for deferred maintenance and $28,875 for replacement reserves.

Tax Escrows - The borrower is required to escrow 1/12 of the annual estimated tax payments monthly, which currently equates to $147,613.

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

Replacement Reserves - On a monthly basis, the borrower is required to escrow $28,875 (approximately $407 per unit / $125 per bed annually) for replacement reserves.

Capital Improvement Reserve Fund - At closing, the borrower deposited into escrow $4.5 million of the approximately $9.0 million of planned capital improvements that are scheduled to be completed over the next three years. Funds will be released to the sponsor on an ongoing basis as improvements are completed.

Performance Reserve - The loan is structured with a $3.5 million performance reserve that will be released to the borrower at such time as, (i) no event of default exists, (ii) all of the approximately $9.0 million of initial planned capital improvements have been completed and (iii) the properties have achieved pre-leasing thresholds as outlined in the loan agreement and, (iv) the operating expenses of the properties meet the test set forth in the loan documents. Then, funds from the performance reserve will be released to the borrower in an amount equal to the excess of (a) the net operating income as calculated in the loan agreement divided by 9.0% less (b) $85.0 million less the amount currently outstanding in the performance reserve escrow.

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Lockbox / Cash Management. The loan is structured with a soft lockbox. The borrower and manager are required to have all collected funds deposited into a lockbox account. All funds in the lockbox account are swept daily to a cash management account under the control of the lender and disbursed during each interest period of the loan term 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 exists, (ii) the borrower or property manager becomes the subject of a bankruptcy, insolvency or similar action or (iii) the DSCR based on the trailing three month period falls below 1.20x, all excess cash flow will be deposited into the cash management account and held as additional collateral for the loan.

Release of Properties. No portion of the collateral may be released during the term of the loan.

Preferred Equity. A preferred equity investment totaling $18.0 million was provided at closing by a third party investor. The preferred equity holder is entitled to the preferred return (which is 16%), with 12% paid currently and 4% accrued and unpaid until after the return of all capital contributions. In addition, the preferred equity holder is entitled to an additional 20% return if (i) the preferred return is not paid when due, (ii) there is a default which would permit the preferred equity holder to replace the management of the borrower, or (iii) for any additional capital contributions by the preferred equity holder. Distributions for the preferred return may only be made by the borrower to the extent there is sufficient cash flow after payment of debt service, reserves and operating expenses. The preferred equity holder has the right to replace the management of the borrower upon certain specified events (including the failure to pay the preferred return as provided in the operating agreement), and the loan documents specifically contemplate this contingency with a pre-approved transfer provision, which includes a requirement for a new guarantor with a net worth of not less than $55 million and liquid assets of not less than $5 million.

Future Additional Debt. A mezzanine loan may be obtained in connection with a sale of the property to a third party provided certain terms and conditions are satisfied including, but not limited, to: (i) no event of default exists, (ii) the LTV of the mortgage and mezzanine loans does not exceed 75.0% based on a recent appraisal, (iii) the DSCR (taking into account the mezzanine loan assuming amortization thereunder) is not less than 1.41x and (iv) the maturity date of the mezzanine loan will be no earlier than the final maturity date of the mortgage loan.