

Mortgage Loan No. 14 — Galveston Hotel Portfolio

Mortgage Loan Information

Mortgage Loan Seller:	Column
Original Principal Balance:	\$14,500,000
Cut-off Date Principal Balance:	\$14,500,000
% of Pool by IPB:	2.2%
Loan Purpose:	Refinance
Borrower:	9550 Seawall Blvd, LP
Sponsor:	Hans Lindberg
Interest Rate:	5.5500%
Note Date:	7/16/2018
Maturity Date:	8/6/2028
Interest-only Period:	None
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(24), Def(92), O(4)
Lockbox:	Hard
Additional Debt:	No
Additional Debt Balance:	N/A
Additional Debt Type:	N/A
Additional Future Debt Permitted:	No

Property Information

Single Asset / Portfolio:	Portfolio of 2 properties
Title:	Fee
Property Type - Subtype:	Hotel - Various
Net Rentable Area (Rooms):	173
Location:	Galveston, TX
Year Built / Renovated:	2013 / NAP
Occupancy / ADR / RevPAR:	80.9% / \$122.30 / \$98.95
Occupancy / ADR / RevPAR Date:	5/31/2018
Number of Tenants:	NAP
2015 NOI:	\$1,693,324
2016 NOI:	\$1,561,402
2017 NOI:	\$1,880,897
TTM NOI⁽¹⁾:	\$2,005,939
UW Occupancy / ADR / RevPAR:	78.2% / \$121.36 / \$94.91
UW Revenues:	\$6,445,641
UW Expenses:	\$4,607,004
UW NOI:	\$1,838,637
UW NCF:	\$1,580,811
Appraised Value / Per Room:	\$24,200,000 / \$139,884
Appraisal Date:	5/16/2018

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$67,750	\$22,583	N/A
Insurance⁽²⁾:	\$0	Springing	N/A
Replacement Reserve:	\$21,486	\$21,486	N/A
Seasonality⁽³⁾:	\$0	Springing	\$100,000

Financial Information

Cut-off Date Loan / Room:	\$83,815
Maturity Date Loan / Room:	\$70,132
Cut-off Date LTV:	59.9%
Maturity Date LTV:	50.1%
UW NOI DSCR:	1.85x
UW NCF DSCR:	1.59x
UW NOI Debt Yield:	12.7%
UW NCF Debt Yield:	10.9%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan:	\$14,500,000	95.1%
Sponsor Equity:	745,604	4.9
Total Sources:	\$15,245,604	100.0%

Uses	Proceeds	% of Total
Payoff Existing Debt:	\$14,914,258	97.8%
Closing Cots:	242,111	1.6
Upfront Reserves:	89,236	0.6
Total Uses:	\$15,245,604	100.0%

(1) Represents the trailing twelve months ending May 31, 2018.

(2) Monthly deposits into the insurance reserve are waived provided (i) no event of default, (ii) the borrower has provided evidence it is financing the insurance premiums and (iii) within 60 days of the origination date, the borrower deposits and maintain \$97,000 in such insurance reserve

(3) Seasonality reserves will be collected over the first 90 days of the loan until such amount equals \$100,000 and thereafter when the reserve balance falls below the cap.

Mortgage Loan No. 14 — Galveston Hotel Portfolio

The Loan. The Galveston Hotel Portfolio loan is a \$14.5 million first mortgage loan secured by the fee interest in one select service and one extended stay hotel, consisting of 173 rooms in aggregate, located in Galveston, Texas. The collateral is one property comprised of two separate dual-branded hotels constructed simultaneously in 2013. The loan has a 10-year term and will amortize on a 30-year schedule. There are no partial release provisions and thus the loan amount was not allocated in the loan documents.

The Borrower. The borrowing entity for the loan is 9550 Seawall Blvd, LP, a Texas limited partnership and special purpose entity. The borrowing entity is owned 61.5% by Hopi Tribe, 17.0% by Dudley Energy, Ltd, 14.0% by 9550 Seawall Blvd 1, LLC, and 7.5% by Vaughn Consulting, Inc.

The Sponsor. The loan's sponsor and nonrecourse carve-out guarantor is Hans Lindberg. Hans Lindberg is president of the Propel Companies, founded in 2012 and based in San Antonio, Texas. Propel Companies is a third-party management company offering services to independent and brand affiliated hotel properties. The Propel Companies currently has a portfolio of nine hotels across Texas and Colorado.

The Properties. The following table represents each property comprising the Galveston Hotel Portfolio.

Property	Property Sub-Type	Year Built	Rooms	Occupancy ⁽¹⁾	UW NOI	% of UW NOI
Courtyard Galveston	Select Service	2013	85	79.7%	\$1,023,098	56.0%
TownePlace Suites Galveston	Extended Stay	2013	88	82.2	815,539	44.0
Total/Wtd. Avg.:			173	80.9%	\$1,838,637	100.0%

(1) Based on trailing twelve months ending May 31, 2018.

The dual-branded Courtyard Galveston and TownePlace Suites Galveston are situated adjacent to each other at 9550 and 9540 Seawall Boulevard on Galveston Island. The site overlooks the Gulf of Mexico immediately across Seawall Boulevard. The Courtyard Galveston is an 85-room, select service, 4-story oceanfront hotel with a unit mix consisting of 60 King units, 22 Queen/Queen units, and 3 Queen/Queen Suite units. The improvements include a Bistro restaurant available for breakfast, dinner and cocktails. The two hotels share a resort style pool including poolside cabanas, a waterfall and fire-pit. The TownePlace Suites Galveston is an 88-room, 3-story extended stay oceanfront hotel with a unit mix consisting of 63 King units, 14 Two-Bedroom Suite units, and 11 Queen/Queen Suites. The hotel includes complimentary breakfast and a market pantry. Both hotels have a lower level parking garage and surface parking.

The hotels are managed by Propel Management LLC, which was founded by its current owner and sponsor Hans Lindberg in 2012. The properties are the only Marriott branded hotels located along the water on Galveston Island. The franchise agreements for each property expire in 2033.

The properties are located on the west side of Galveston Island, directly north of Seawall Boulevard, approximately one-half mile west of 89th Street. Vehicular access to the properties is provided by Seawall Boulevard. The properties are located along a well-traveled corridor and are relatively simple to locate from Interstate 45, which is the nearest major highway. Seawall Boulevard is the city artery extending the length of the island.

The area benefits from several major demand drivers including the area beaches, Pleasure Pier (5.1 miles), Moody Gardens (2.4 miles), Schlitterbahn Galveston Island Waterpark (2.2 miles), the Galveston Island Convention Center (2.8 miles), the Strand Historic District (6.6 miles) and the Port of Galveston (6.7 miles). The Port of Galveston ranks fourth among all U.S. cruise ports, according to an industry association. Carnival Cruise Lines and Royal Caribbean International are the two primary cruise lines operating out of Galveston, both of which have increased their presence in recent years. Additional corporate demand generators on Galveston Island include the University of Texas Medical Branch, Texas A&M University Galveston and American National Insurance Company.

Mortgage Loan No. 14 — Galveston Hotel Portfolio

Historical Occupancy, ADR, RevPAR⁽¹⁾

Courtyard Galveston

Year	Competitive Set			Courtyard Galveston ⁽²⁾			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	64.5%	\$119.96	\$77.34	71.7%	\$132.10	\$94.70	111.2%	110.1%	122.4%
2016	62.3%	\$120.58	\$75.16	72.8%	\$128.51	\$93.59	116.8%	106.6%	124.5%
2017	67.2%	\$120.12	\$80.74	79.6%	\$127.87	\$101.74	118.4%	106.5%	126.0%
TTM ⁽³⁾	67.6%	\$120.82	\$81.66	79.7%	\$127.11	\$101.25	117.9%	105.2%	124.0%

TownePlace Suites Galveston

Year	Competitive Set			TownePlace Suites Galveston ⁽²⁾			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	54.1%	\$112.18	\$60.71	72.7%	\$108.81	\$79.06	134.3%	97.0%	130.2%
2016	52.7%	\$110.01	\$57.99	73.9%	\$106.73	\$78.84	140.2%	97.0%	135.9%
2017	60.5%	\$110.54	\$66.86	80.5%	\$113.17	\$91.12	133.1%	102.4%	136.3%
TTM ⁽³⁾	59.8%	\$111.97	\$66.94	82.2%	\$117.66	\$96.73	137.5%	105.1%	144.5%

(1) Source: Third Party Data Provider. The Courtyard Galveston competitive set consists of the following hotels: Quality Inn & Suites Beachfront Galveston, Hampton Inn Suites Galveston, Springhill Suites Galveston Island, Holiday Inn Express & Suites Galveston and Four Points by Sheraton Galveston. The TownPlace Suites Galveston competitive set consists of the following hotels: Inn @ The Waterpark, Springhill Suites Galveston Island, Candlewood Suites Galveston, Holiday Inn Express & Suites Galveston and Country Inn & Suites Galveston Beach.

(2) Source: Borrower's Financials.

(3) Represents the trailing twelve month period ending May 31, 2018.

The Market. The dual branded hotels are located in the city and county of Galveston, Texas forming part of the Houston-The Woodlands, TX metropolitan statistical area. Galveston Island is a 64 square mile barrier island adjacent to Galveston Bay located 50 miles southeast of Houston with a population over 50,000. With a population of over 2.3 million, Houston is the fourth largest city in the United States. Encompassing nine counties along the Gulf Coast of the state of Texas, Houston has historically been among the fastest growing metropolitan areas in the United States.

With 32 miles of beaches, Galveston is a popular tourist destination, particularly during the summer and welcomes over 6.5 million visitors per year. Galveston is the closest beach destination serving the Houston area and the island has multiple beaches staggered along the waterfront. In 2017, the Park Board, the City of Galveston and the Texas General Land Office completed the single largest beach restoration project on the Texas coast. The beach restoration project placed 1.2 million cubic yards of sand along the seawall between 12th and 61st streets, which widened nearly four miles of existing beaches. According to the Galveston Island Park Board of Trustees 2016-2017 Annual report, approximately \$9 million in funds have been allocated to continue beach nourishment south of 61st street beginning in 2019.

The Port of Galveston is the fourth-busiest cruise terminal and the fastest-growing cruise port in the United States. The port now handles over 1.8 million cruise passenger movements per year with an economic impact of \$2.3 billion and 13,892 jobs. The Port of Galveston achieved a new milestone in December 2017 by embarking 113,488 passengers, which set a record as its busiest month since beginning its cruise business on September 30, 2000. Furthering the port's performance, in September 2018, Carnival will homeport its newest ship, the Carnival Vista, in September offering two different seven-day western Caribbean itineraries.

According to a third party research report, the estimated 2018 population within a one-, three-, and five-mile radius of the properties is 2,671, 12,538, and 35,245, respectively. These populations are expected to increase through 2023 at a rate of 10.3%, 4.1%, and 4.5%, respectively. Total number of households in 2018 within the same radii was 1,395, 5,755, and 14,388. The 2018 estimated Median Household Income within a one-, three-, and five-mile radius of the properties is \$40,965, \$51,038 and \$45,132, respectively.

Mortgage Loan No. 14 — Galveston Hotel Portfolio

The appraisal identified six comparable rental properties, ranging from 74 rooms to 125 rooms that were constructed between 2007 and 2016. The properties in the appraisal's competitive set are all located in Galveston within approximately 6.9 miles of the property and are shown in the below table.

Competitive Hotels Profile⁽¹⁾

Property	Rooms	Year Built	Meeting Space (SF)	Estimated Market Mix		2017 Estimated Operating Statistics		
				Transient	Meeting & Group	Occupancy	ADR	RevPAR
Courtyard Galveston	85	2013	1,177	80%	20%	79.1%	\$128.75	\$101.84
TownePlace Suites Galveston	88	2013	0	80%	20%	80.5%	\$113.97	\$91.75
Four Points Galveston	125	2010	2,000	80%	20%	55%-60%	\$125-\$130	\$70-\$75
Hampton Inn & Express Suites Galveston	104	2007	624	85%	15%	60%-65%	\$130-\$140	\$85-\$90
Holiday Inn Express Galveston	81	2009	7,200	85%	15%	65%-70%	\$130-\$140	\$90-\$95
Best Western Plus Galveston	96	2016	0	85%	15%	65%-70%	\$125-\$130	\$85-\$90
SpringHill Suites Galveston Island	74	2008	416	80%	20%	70%-75%	\$115-\$120	\$85-\$90
Homewood Suites Galveston	88	2017	928	80%	20%	75%-80%	\$130-\$140	\$100-\$105
Total⁽²⁾	568							

(1) Source: Appraisal.

(2) Excludes the subject properties.

Operating History and Underwritten Net Cash Flow

	2015	2016	2017	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% ⁽³⁾
Occupancy	72.1%	73.3%	80.0%	80.9%	78.2%		
ADR	\$120.25	\$117.43	\$120.39	\$122.30	\$121.36		
RevPAR	\$86.75	\$86.08	\$96.34	\$98.95	\$94.91		
Room Revenue	\$5,477,649	\$5,450,710	\$6,083,320	\$6,248,057	\$5,993,123	\$34,642	93.0%
Food and Beverage	251,111	268,420	286,594	301,071	301,071	\$1,740	4.7%
Other Departmental Revenues	165,598	168,899	164,557	151,446	151,446	\$875	2.3%
Total Revenue	\$5,894,358	\$5,888,028	\$6,534,472	\$6,700,575	\$6,445,641	\$37,258	100.0%
Room Expense	1,321,342	1,403,590	1,401,510	1,415,358	1,363,583	\$7,882	22.8%
Food and Beverage Expense	254,158	242,443	266,487	274,124	273,975	\$1,584	91.0%
Other Departmental Expenses	90,340	91,071	108,797	91,194	91,236	\$527	60.2%
Departmental Expenses	\$1,665,839	\$1,737,104	\$1,776,794	\$1,780,676	\$1,728,794	\$9,993	26.8%
Departmental Profit	\$4,228,518	\$4,150,925	\$4,757,678	\$4,919,899	\$4,716,847	\$27,265	73.2%
Operating Expenses	\$1,897,267	\$1,943,517	\$2,244,674	\$2,297,910	\$2,212,784	\$12,791	34.3%
Gross Operating Profit	\$2,331,252	\$2,207,407	\$2,513,004	\$2,621,988	\$2,504,063	\$14,474	38.8%
Fixed Expenses	637,928	646,006	632,108	616,049	665,426	\$3,846	10.3%
Net Operating Income	\$1,693,324	\$1,561,402	\$1,880,897	\$2,005,939	\$1,838,637	\$10,628	28.5%
FF&E	235,774	235,521	261,379	268,023	257,826	\$1,490	4.0%
Net Cash Flow	\$1,457,549	\$1,325,881	\$1,619,518	\$1,737,916	\$1,580,811	\$9,138	24.5%

(1) TTM represents the trailing twelve month period ending May 31, 2018.

(2) Per room values are based on the combined 173 rooms.

(3) % column represents percent of Total Revenue except for Room Expense, Food and Beverage Expense and Other Department Expenses, which is based on their corresponding revenue line items.