

Aspen Heights – Texas A&M University Corpus Christi

Mortgage Loan Information

Mortgage Loan Seller:	RAIT
Original Principal Balance:	\$26,000,000
Cut-off Date Principal Balance:	\$26,000,000
% of Pool by IPB:	2.6%
Loan Purpose:	Refinance
Borrower:	Breckenridge Group Corpus Christi Texas, LP
Sponsors:	Aspen Heights, Capital Solutions, Inc. and Gregory Henry
Interest Rate:	4.18000%
Note Date:	12/18/2014
Maturity Date:	1/1/2025
Interest-only Period:	60 months
Original Term:	120 months
Original Amortization⁽³⁾:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(29),Def(87),O(4)
Lockbox:	Springing
Additional Debt:	Yes
Additional Debt Balance:	\$4,380,000
Additional Debt Type:	Mezzanine Loan

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Multifamily – Student
Number of Beds:	500
Location:	Corpus Christi, TX
Year Built / Renovated:	2014 / N/A
Occupancy:	97.8%
Occupancy Date:	3/31/2015
Number of Tenants:	N/A
2012 NOI⁽¹⁾:	N/A
2013 NOI⁽¹⁾:	N/A
2014 NOI⁽¹⁾:	N/A
TTM NOI (as of 3/2015)⁽²⁾:	\$2,775,487
UW Economic Occupancy:	94.5%
UW Revenues:	\$4,215,154
UW Expenses:	\$1,885,214
UW NOI:	\$2,329,939
UW NCF:	\$2,279,939
Appraised Value / Per Bed:	\$39,200,000 / \$78,400
Appraisal Date:	11/18/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$62,016	\$62,016	N/A
Insurance:	\$55,026	\$11,005	N/A
Replacement Reserves:	\$0	\$4,167	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$0	\$0	N/A

Financial Information

Cut-off Date Loan / Bed:	\$52,000
Maturity Date Loan / Bed:	\$47,779
Cut-off Date LTV:	66.3%
Maturity Date LTV:	60.9%
UW NCF DSCR⁽⁴⁾:	1.54x
UW NOI Debt Yield:	9.0%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$26,000,000	85.6%	Payoff Existing Debt	\$24,359,611	80.2%
Mezzanine Loan	4,380,000	14.4	Return of Equity	5,349,447	17.6
			Closing Costs	553,899	1.8
			Upfront Reserves	117,043	0.4
Total Sources	\$30,380,000	100.0%	Total Uses	\$30,380,000	100.0%

(1) Historical NOI is not available because the property was newly constructed in 2014.

(2) The TTM NOI is based on the trailing eight-month period ending on March 31, 2015, annualized.

(3) The Aspen Heights – Texas A&M University Corpus Christi loan is structured with a principal payment schedule based on a 360-month amortization period. See Annex F of the Prospectus Supplement.

(4) The UW NCF DSCR is calculated using the average of principal and interest payments over the first 12 months following the initial interest-only period based on the principal payment schedule provided on Annex F of the Prospectus Supplement.

The Loan. The Aspen Heights – Texas A&M University Corpus Christi loan has an outstanding principal balance of \$26,000,000 and is secured by a first mortgage lien on the borrower's fee simple interest in a student housing complex totaling 500 beds located in Corpus Christi, Texas. The loan has a 10-year term and, subsequent to a five-year interest-only period, will amortize on a planned amortization schedule. The borrowing entity is Breckenridge Group Corpus Christi Texas, LP, a Texas limited partnership and special purpose entity, which is a joint venture between Aspen Heights and Capital Solutions, Inc. The loan sponsors are Aspen Heights, Capital Solutions, Inc. and Gregory Henry, the Chief Executive Officer of Aspen Heights. The nonrecourse carve-out guarantors are Breckenridge Development 2014, LLC and BRG Partners, LP, each of which are owned by principals of Aspen Heights.

Aspen Heights – Texas A&M University Corpus Christi

The Property. The Aspen Heights – Texas A&M University Corpus Christi property is a Class A+ student housing property located in Corpus Christi, Texas for students attending Texas A&M University – Corpus Christi ("TAMUCC"). Constructed in 2014, the Aspen Heights – Texas A&M University Corpus Christi property consists of 153 units and 500 beds and is comprised of 109 buildings with various floor plans including 48 two-bedroom, 42 three-bedroom, 37 four-bedroom, and 26 five-bedroom units. The apartments feature granite counter tops, fully-equipped kitchens with breakfast bars, vinyl wood flooring, and individual climate controls, and each bedroom has its own private bath. Amenities at the property include a club house with a fitness center and computer lab, as well as a swimming pool with sun deck, movie theater, 24-hour emergency maintenance, free parking, full-sized volleyball court and dog park. The property has 530 parking spaces, which equates to a parking ratio of approximately 3.5 spaces per unit and approximately 1.1 parking spaces per bed. The Corpus Christi Regional Transportation Authority has a B-line bus stop at the property's entrance, which provides direct access to the TAMUCC campus. A parental or sponsor guarantee is required for tenants under 21 years old. If a tenant is over 21 and has verifiable income three times the rent, the tenant qualifies on his own. Currently, approximately 90% of the leases have a parental guaranty. All leases are per bed and are based on a 12-month term. As of March 31, 2015, the Aspen Heights – Texas A&M University Corpus Christi property was 97.8% occupied. As of April 19, 2015, the property was approximately 60% pre-leased for the 2015-2016 school year.

The Market. The Aspen Heights – Texas A&M University Corpus Christi property is located in Corpus Christi, Texas, approximately two miles south of the TAMUCC campus. Founded in 1947, TAMUCC, located on an approximately 240-acre island campus, is surrounded by Cayo del Oso and Corpus Christi Bays and is just 10 miles from downtown. According to the appraisal, the overall demand for student housing in Corpus Christi, Texas is derived from approximately 11,240 students as of fall 2014, up from 8,563 students in fall 2007 (approximately 4.0% annual growth) at TAMUCC. The total TAMUCC student housing supply is estimated at 3,774 beds (which includes projects currently under construction) consisting of 2,290 on-campus beds and an estimated 1,484 off-campus beds in privately owned properties. The property is located near the intersection of Highway 358-John F. Kennedy Memorial Highway and Route 3. Route 3 provides access to TAMUCC, while Highway 358 provides access to downtown Corpus Christi to the west and the beaches to the east. Aspen Heights and Greg Henry, two of the loan sponsors, currently have a projected 336-bed student housing development, Aspen Heights Phase II, under construction at an adjacent site. The loan sponsors reported that, as of April 19, 2015, Aspen Heights Phase II is approximately 69.0% pre-leased for the 2015-2016 school year.

According to the appraisal, on-campus housing options at TAMUCC are limited to residence halls or two housing complexes: Camden Miramar (98.0% leased) and Momentum Village. Momentum Village is currently under construction and is expected to be delivered by the beginning of the 2015-16 school year. Off-campus purpose built student housing consists of two properties (excluding the Aspen Heights – Texas A&M University Corpus Christi property and Aspen Heights Phase II): Campus Quarters, a 336-bed complex built in 2010, which is 98.0% occupied, and Islander Village, a 312-bed complex built in 2007, which is 98.0% occupied.

Multifamily Unit Mix ⁽¹⁾							
Unit Type	# of Beds	% of Total	Occupied Beds	Occupancy	Average Bed Size (SF)	Average Monthly In-Place Rent per Bed	Average Monthly Rental Rate PSF
Aspen - 2 Bedroom / 2.5 Bath	40	8.0%	40	100.0%	734	\$785	\$1.07
Keystone – 2 Bedroom / 2.5 Bath	56	11.2	55	98.2%	745	\$786	\$1.05
Frisco – 3 Bedroom / 3.5 Bath	78	15.6	75	96.2%	609	\$702	\$1.15
Telluride – 3 Bedroom / 3.5 Bath	48	9.6	47	97.9%	609	\$705	\$1.16
Vail – 4 Bedroom / 4.5 Bath	48	9.6	48	100.0%	492	\$684	\$1.39
Breckenridge – 4 Bedroom / 4.5 Bath	52	10.4	48	92.3%	492	\$682	\$1.39
Boulder – 4 Bedroom / 4.5 Bath	48	9.6	47	97.9%	492	\$684	\$1.39
A-Basin – 5 Bedroom / 5.5 Bath	100	20.0	100	100.0%	460	\$685	\$1.49
Durango – 5 Bedroom / 5.5 Bath	30	6.0	29	96.7%	469	\$679	\$1.45
Total / Wtd. Avg.	500	100.0%	489	97.8%	561	\$708	\$1.26

(1) Based on the underwritten rent roll dated March 31, 2015.

Aspen Heights – Texas A&M University Corpus Christi

Operating History and Underwritten Net Cash Flow				
	TTM ⁽¹⁾	Underwritten	Per Bed	% ⁽²⁾
Rents in Place ⁽³⁾	\$4,306,080	\$4,154,412	\$8,309	97.8%
Vacant Income	0	94,428	189	2.2
Gross Potential Rent	\$4,306,080	\$4,248,840	\$8,498	100.0%
Reimbursements	0	0	0	0.0
Net Rental Income	\$4,306,080	\$4,248,840	\$8,498	100.0%
(Vacancy/Credit Loss/Concessions)	(180,702)	(233,686)	(467)	(5.5)
Other Income	213,332	200,000	400	4.7
Effective Gross Income	\$4,338,710	\$4,215,154	\$8,430	99.2%
Total Expenses	\$1,563,223	\$1,885,214	\$3,770	44.7%
Net Operating Income	\$2,775,487	\$2,329,939	\$4,660	55.3%
Replacement Reserves	0	50,000	100	1.2
Net Cash Flow	\$2,775,487	\$2,279,939	\$4,560	54.1%
Occupancy⁽⁴⁾	97.8%	94.5%		

(1) The TTM column represents a trailing eight-month period ending March 31, 2015, annualized.

(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.

(4) TTM Occupancy is based on the underwritten rent roll dated March 31, 2015. Underwritten Occupancy represents economic occupancy.

Additional Mezzanine Debt. A mezzanine loan of \$4,380,000 secured by the equity interests in the borrower was provided by RAIT Partnership, L.P., an affiliate of the mortgage loan seller, and is coterminous with the mortgage loan. The mezzanine loan is interest-only throughout the term of the loan and has a coupon of approximately 8.13356% per annum. Including the mezzanine loan, the Cut-off Date LTV is 77.5%, the UW NCF DSCR is 1.20x and the UW NOI Debt Yield is 7.7%. The lender has entered into a customary intercreditor agreement with the mezzanine lender.