

Mortgage Loan No. 3 – JW Marriott Desert Springs



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Mortgage Loan Information			
Mortgage Loan Seller:	MSMCH		
Original Balance ⁽¹⁾ :	\$60,000,000		
Cut-off Date Balance ⁽¹⁾ :	\$60,000,000		
% of Initial Pool Balance:	6.1%		
Loan Purpose:	Acquisition		
Sponsor:	Kam Sang Company		
Mortgage Rate:	5.1500%		
Note Date:	1/11/2017		
First Payment Date:	3/1/2017		
Maturity Date:	2/1/2022		
Original Term to Maturity:	60 months		
Original Amortization Term:	360 months		
IO Period:	0 months		
Seasoning:	0 months		
Prepayment Provisions ⁽²⁾ :	LO (24); DEF (32); O (4)		
Lockbox/Cash Mgmt Status:	Hard/In-place		
Additional Debt Type ⁽³⁾ :	Pari Passu/Mezzanine		
Additional Debt Balance ⁽³⁾ :	\$55,000,000/\$16,000,000		
Future Debt Permitted (Type):	No (N/A)		
Reserves ⁽⁴⁾			
Type	Initial	Monthly	Cap
RE Tax:	\$0	Springing	N/A
Insurance:	\$0	Springing	N/A
Recurring Replacements:	\$0	Springing	N/A
PIP:	\$12,000,000	Springing	N/A
Seasonality Reserve:	\$0	Springing	\$3,073,550

Property Information	
Single Asset/Portfolio:	Single Asset
Location:	Palm Desert, CA 92260
General Property Type:	Hospitality
Detailed Property Type:	Resort
Title Vesting:	Fee / Leasehold
Year Built/Renovated:	1987/2016
Size:	884 Rooms
Cut-off Date Balance per Room ⁽¹⁾ :	\$130,091
Maturity Date Balance per Room ⁽¹⁾ :	\$120,410
Property Manager:	Marriott Hotel Services, Inc.
Underwriting and Financial Information	
UW NOI:	\$23,328,181
UW NOI Debt Yield ⁽¹⁾ :	20.3%
UW NOI Debt Yield at Maturity ⁽¹⁾ :	21.9%
UW NCF DSCR ⁽¹⁾ :	2.31x
Most Recent NOI ⁽⁶⁾ :	\$24,283,061 (11/30/2016 TTM)
2nd Most Recent NOI ⁽⁶⁾ :	\$17,274,307 (12/31/2015)
3rd Most Recent NOI:	\$16,490,495 (12/31/2014)
Most Recent Occupancy:	65.8% (11/30/2016)
2nd Most Recent Occupancy:	60.8% (12/31/2015)
3rd Most Recent Occupancy:	61.5% (12/31/2014)
Appraised Value (as of):	\$161,000,000 (11/10/2016)
Cut-off Date LTV Ratio ⁽¹⁾ :	71.4%
Maturity Date LTV Ratio ⁽¹⁾ :	66.1%

Sources and Uses					
Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Loan Amount ⁽¹⁾ :	\$115,000,000	66.2%	Purchase Price:	\$160,000,000	92.1%
Borrower Equity:	\$42,708,329	24.6%	Reserves:	\$12,000,000	6.9%
Mezzanine Loan:	\$16,000,000	9.2%	Closing Costs:	\$1,708,329	1.0%
Total Sources:	\$173,708,329	100.0%	Total Uses:	\$173,708,329	100.0%

(1) The JW Marriott Desert Springs Mortgage Loan is part of the JW Marriott Desert Springs Whole Loan, which is comprised of three *pari passu* promissory notes with an aggregate principal balance of \$115,000,000. The Cut-off Date Balance per Room, Maturity Date Balance per Room, UW NCF DSCR, UW NOI Debt Yield, UW NOI Debt Yield at Maturity, Cut-off Date LTV Ratio and Maturity Date LTV Ratio numbers presented above are based on the aggregate principal balance of the promissory notes comprising the JW Marriott Desert Springs Whole Loan. The Cut-off Date Balance per Room, UW NOI Debt Yield, UW NCF DSCR and Cut-off Date LTV Ratio numbers based on the combined balance of the JW Marriott Desert Springs Whole Loan and mezzanine loan are \$148,190, 17.8%, 1.89x, and 81.4%, respectively.

(2) Defeasance is permitted at any time on or after the earlier to occur of (a) the end of the two-year period commencing on the closing date of the securitization of the last JW Marriott Desert Springs Whole Loan promissory note to be securitized and (b) January 11, 2020.

(3) See "The Mortgage Loan", "Additional Secured Indebtedness (not including trade debts)" and "Mezzanine Loan and Preferred Equity", for further discussion of additional debt.

(4) See "Escrows and Reserves" below for further discussion of reserve requirements.

(5) The increase in NOI in November 30, 2016 TTM over 2015 is attributable to an increase in Occupancy and ADR at the JW Marriott Desert Springs Property during 2016.

The Mortgage Loan. The third largest mortgage loan (the "JW Marriott Desert Springs Mortgage Loan") is part of a whole loan (the "JW Marriott Desert Springs Whole Loan") evidenced by three *pari passu* promissory notes in the aggregate original principal amount of \$115,000,000. The JW Marriott Desert Springs Whole Loan is secured by a first priority fee and leasehold mortgage encumbering the 884-room JW Marriott Desert Springs Resort & Spa located in Palm Desert, California (the "JW Marriott Desert Springs Property"). Promissory Note A-1, in the original principal amount of \$60,000,000, represents the JW Marriott Desert Springs Mortgage Loan and will be included in the BACM 2017-BNK3 securitization trust. Promissory Note A-2, in the original principal amount of \$30,000,000, and Promissory Note A-3, in the original principal amount of \$25,000,000, are expected to be held by Morgan Stanley Bank, N.A., or an affiliate thereof on the closing date of this transaction, and are expected to be contributed to one or more future securitization transactions or may be otherwise transferred at any time. Promissory Note A-2 and Promissory Note A-3 represent the serviced *pari passu* companion loans (the "JW Marriott Desert Springs Serviced *Pari Passu* Companion Loans"). The JW Marriott Desert Springs Whole Loan will be serviced pursuant to the pooling and servicing agreement for the BACM 2017-BNK3 securitization trust. See "Description of the Mortgage Pool—The Whole Loans—The Serviced Whole Loans—The JW Marriott Desert Springs Whole Loan" and "The Pooling and Servicing Agreement" in the Prospectus.

The proceeds of the JW Marriott Desert Springs Whole Loan, together with \$42,708,329 of borrower equity and a \$16,000,000 mezzanine loan, were used to acquire the JW Marriott Desert Springs Property, fund reserves and pay closing costs.

The Borrower and the Sponsor. The borrower is Newage Desert Springs, LLC (the “JW Marriott Desert Springs Borrower”), a special-purpose, newly formed Delaware limited liability company with two independent directors. The JW Marriott Desert Springs Borrower is 53.5% owned by Newage JWDS, LLC, which is controlled by Ronnie Lam, the nonrecourse carve-out guarantor.

Ronnie Lam founded Kam Sang Company, a privately held real estate development, construction and management firm, in 1979 and serves as both President and CEO. Ronnie Lam and Kam Sang Company have a portfolio of \$500 million of real estate holdings throughout California. Ronnie Lam has thirty seven years of real estate experience with investments including commercial, retail shopping centers, malls, and apartment buildings. Ronnie Lam also owns and manages the Ritz-Carlton Rancho Mirage, located approximately 6.5 miles from the JW Marriott Desert Springs Property, which opened in May 2014.

The Property. The JW Marriott Desert Springs Property is a golf resort and spa centrally located between California State Route 111 and Interstate-10 in Palm Desert, California. The JW Marriott Desert Springs Property sits on an approximately 280-acre site, of which all but the 18-hole Valley Golf Course comprising 25 acres is fee-owned. The JW Marriott Desert Springs Property offers 884 guestrooms, including 422 king rooms, 411 queen/queen rooms, and 51 one-bedroom suites. The JW Marriott Desert Springs Property offers a variety of resort-style amenities and services, including four restaurants, two lounges, a nightclub, a coffee shop, five swimming pools, two outdoor whirlpools, two 18-hole golf courses, twenty tennis courts, a fitness center, a full-service spa, a leased salon, leased gift-shop, leased retail outlets and 1,232 surface and garage parking spaces. The JW Marriott Desert Springs Property offers 142,954 SF of meeting and function space, comprised of approximately 68,854 SF of indoor meeting and banquet facilities and 74,100 SF of outdoor space. Indoor meeting and banquet space includes four ballrooms, which are divisible into several smaller separate rooms, and several Directors’ Suites. The outdoor function space includes both lawn and patio space.

The JW Marriott Desert Springs Property was initially constructed in 1987 and has undergone approximately \$100 million (\$113,122 per room) in capital expenditures since 2004, \$42 million (\$47,511 per room) of which were completed between 2011 and 2016. Recent renovations include improvements to the lobby, spa and health club, elevators and escalators, golf courses, food and beverage outlets and guestrooms. The JW Marriott Desert Springs Borrower purchased the JW Marriott Desert Springs Property in January 2017 for \$160 million and plans to invest approximately \$12 million for a franchisor-mandated property improvement plan (the “PIP”) to be completed by 2019, all of which was escrowed at closing. Negotiations for the PIP budget are ongoing and may include significant additional items that have not been reserved for. The PIP primarily includes guestroom renovations and upgrades.

The JW Marriott Desert Springs Property is brand-managed by Marriott Hotel Services, Inc. (“Marriott”) under its JW Marriott flag and operates under a management agreement with Marriott through 2032 with four 10-year renewal options.

A portion of the JW Marriott Desert Springs Property encompassing the 25-acre, 18-hole Valley Golf Course is comprised of a leasehold interest with Marriott’s Desert Springs Development Corporation under a fully extended term through December 2061. The initial 24-year term initially expired December 31, 2011 and has five 10-year extension options with flat annual ground rent payments of \$100,000.

The following table presents historical Occupancy, ADR and RevPAR at the JW Marriott Desert Springs Property.

Year	Competitive Set ⁽²⁾			Historical Occupancy, ADR, RevPAR ⁽¹⁾ JW Marriott Desert Springs Property ⁽³⁾			Penetration Factor ⁽⁴⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2013	56.0%	\$192.60	\$107.88	62.9%	\$189.33	\$119.09	112.3%	98.3%	110.4%
2014	56.7%	\$198.76	\$112.63	61.5%	\$197.46	\$121.47	108.6%	99.3%	107.8%
2015	57.8%	\$218.51	\$126.38	60.8%	\$200.78	\$122.14	105.2%	91.9%	96.6%
11/30/2016 TTM	60.7%	\$230.82	\$140.12	65.8%	\$210.31	\$138.40	108.4%	91.1%	98.8%

Source: Industry Report

(1) Variances between the underwriting, the appraisal and the above table with respect to Occupancy, ADR and RevPAR at the JW Marriott Desert Springs Property are attributable to variances in reporting methodologies and/or timing differences.

(2) Data provided by an industry report. The competitive set contains the following properties: Omni Rancho Las Palmas Resort & Spa, Waldorf Astoria La Quinta Resort & Club, Renaissance Indian Wells Resort & Spa, Westin Mission Hills Golf Resort & Spa, Hyatt Regency Indian Wells Resort & Spa and Ritz-Carlton Rancho Mirage.

(3) Based on operating statements provided by the JW Marriott Desert Springs Borrower.

(4) Penetration Factor is calculated based on data provided by an industry report for the competitive set and borrower-provided operating statements for the JW Marriott Desert Springs Property.

The Market. The JW Marriott Desert Springs Property is located in Palm Desert, Riverside County, California within the Riverside-San Bernardino-Ontario, California Metropolitan Statistical Area (MSA), approximately two and a half miles south of Interstate-10. The JW Marriott Desert Springs Property is located approximately 13 miles from the Palm Springs Convention Center and the Palm Springs International Airport, the primary airport serving the local market. Palm Desert, a resort community centrally located within the 45-mile region known as Coachella Valley, is approximately 120 miles east of downtown Los Angeles and approximately 125 miles northeast of San Diego, California. Coachella Valley is a popular tourist destination with multiple resorts, spas, cultural venues, golf courses, restaurants, retail and recreational attractions. Coachella is host to numerous signature events such as major tennis and golf tournaments and music and arts festivals that serve as some of the major demand drivers for the market. The Coachella Valley experiences increased demand during the months of January through May, when the warmer desert temperatures attract both tourists and retirees who own second homes in the region. According to the appraisal, many resorts and resort-related businesses remain open year-round supporting a more stable local labor market and economy. According to the appraisal the estimated number of households in the San Bernardino/Riverside market increased approximately 1.2% from 2014 to 2015 to 1.40 million and is projected to grow approximately 1.5% annually over the next five years. Palm Desert and Riverside County experienced a declining unemployment rate since 2010, following the same trend at the state and national level according to the appraisal. The unemployment rate for Palm Desert in 2015 was 4.8%, below the unemployment rate of 6.7% for Riverside County and 6.2% for the state of California.

The Coachella Valley lodging market encompasses approximately 11,500 guestrooms in nearly 170 properties. Within the larger Coachella Valley market, the JW Marriott Desert Springs Property competes within a submarket comprised of Palm Desert, Rancho Mirage, La Quinta and Indian Wells. The appraisal has identified 1,292 rooms under construction in the broader Palm Springs market, with 260 rooms under construction in Palm Desert. The appraiser does not consider the new supply directly competitive with the JW Marriott Desert Springs Property, as the new supply largely consists of smaller, non-flagged, non-resort style facilities with fewer amenities.

Primary competitive properties to the JW Marriott Desert Springs Property are shown in the table below:

Competitive Property Summary ⁽¹⁾								
Property Name	No. of Rooms	Year Built	Transient	Meeting & Group	Estimated 2016 Occupancy	Estimated 2016 ADR	Estimated 2016 RevPAR	RevPAR Penetration
JW Marriott Desert Springs⁽²⁾	884	1987	45%	55%	65.0%	\$205.00	\$133.25	98.4%
Primary Competitors								
Renaissance Esmeralda Indian Wells Resort & Spa	560	1989	50%	50%	55-60%	\$180-190	\$105-110	75-80%
Omni Rancho Las Palmas Resort & Spa	444	1979	55%	45%	60-65%	\$190-200	\$120-125	85-90%
Westin Mission Hills Resort & Spa	512	1991	45%	55%	55-60%	\$180-190	\$110-115	80-85%
Total/Wtd. Avg.	2,400		48%	52%	61.6%	\$194.94	\$119.94	88.6%
Secondary Competitors ⁽³⁾	1,570		56%	44%	60.6%	\$275.30	\$166.95	123.3%
Total/Wtd. Avg.	3,970		51%	49%	61.3%	\$220.84	\$135.41	100.0%

Source: Appraisal

(1) Variances between the underwriting, the appraisal and the Historical Occupancy, ADR, RevPAR table with respect to Occupancy, ADR and RevPAR at the JW Marriott Desert Springs Property are attributable to variances in reporting methodologies and/or timing differences.

(2) Estimated 2016 Occupancy, Estimated 2016 ADR and Estimated 2016 RevPAR are based on the appraisal's estimated 2016 year-end figures.

(3) Secondary Competitors, as identified by the appraiser, include Hyatt Regency Indian Wells Resort & Spa, La Quinta Resort & Club, A Waldorf Astoria Resort, and Ritz-Carlton Rancho Mirage (owned by the borrower sponsor).

Operating History and Underwritten Net Cash Flow. The following table presents certain information relating to the historical operating performance and the Underwritten Net Cash Flow at the JW Marriott Desert Springs Property.

Cash Flow Analysis						
	2013	2014	2015	11/30/2016 TTM	UW	UW per Room
Occupancy ⁽¹⁾	62.9%	61.5%	60.8%	65.8%	65.8%	
ADR ⁽¹⁾	\$189.33	\$197.46	\$200.78	\$210.31	\$210.31	
RevPAR ⁽¹⁾	\$119.09	\$121.47	\$122.14	\$138.40	\$138.40	
Rooms Revenue	\$38,427,054	\$39,192,103	\$39,411,054	\$44,777,440	\$44,655,098	\$50,514.82
Food & Beverage	\$40,755,889	\$39,300,867	\$38,836,779	\$46,521,906	\$46,394,797	\$52,482.80
Golf	\$6,408,007	\$6,563,373	\$6,061,199	\$6,027,797	\$6,011,328	\$6,800.14
Spa	\$5,025,497	\$5,017,055	\$4,237,485	\$4,625,640	\$4,613,001	\$5,218.33
Other Income ⁽²⁾	\$4,589,917	\$4,264,893	\$5,353,078	\$5,503,814	\$5,488,776	\$6,209.02
Total Revenue	\$95,206,364	\$94,338,291	\$93,899,595	\$107,456,596	\$107,162,999	\$121,225.11
Total Expenses	\$79,009,375	\$77,847,796	\$76,625,288	\$83,173,535	\$83,834,818	\$94,835.77
Net Op. Income⁽³⁾	\$16,196,989	\$16,490,495	\$17,274,307	\$24,283,061	\$23,328,181	\$26,389.35
FF&E	\$5,253,377	\$5,197,956	\$5,160,790	\$5,910,113	\$5,893,965	\$6,667.38
Net Cash Flow	\$10,943,612	\$11,292,539	\$12,113,517	\$18,372,949	\$17,434,217	\$19,721.96
NOI DSCR⁽⁴⁾	2.15x	2.19x	2.29x	3.22x	3.10x	
NCF DSCR⁽⁴⁾	1.45x	1.50x	1.61x	2.44x	2.31x	
NOI Debt Yield⁽⁴⁾	14.1%	14.3%	15.0%	21.1%	20.3%	
NCF Debt Yield⁽⁴⁾	9.5%	9.8%	10.5%	16.0%	15.2%	

(1) Occupancy, ADR and RevPAR figures are based on the underwriting, which have been taken from financial statements provided by the JW Marriott Desert Springs Borrower. Variances between the underwriting, the appraisal and the Historical Occupancy, ADR, RevPAR table with respect to Occupancy, ADR and RevPAR at the JW Marriott Desert Springs Property are attributable to variances in reporting methodologies and/or timing differences.

(2) Other Income includes parking garage, telephone, leisure/recreational income, business center, tennis, retail and other miscellaneous items. Retail revenue is inclusive of reimbursements associated with shared common area maintenance, tax and marketing expenses. Related expenses attributable to the retail component are included in undistributed Operating Expenses for the overall property.

(3) The increase in Net Op. Income in the November 30, 2016 TTM over 2015 is attributable to an increase in Occupancy and ADR at the subject during 2016.

(4) Debt service coverage ratios and debt yields shown are based on the JW Marriott Desert Springs Whole Loan.

Escrows and Reserves. The JW Marriott Desert Springs Borrower deposited \$12,000,000 at closing for renovations, repairs and improvements required to be made pursuant to a property improvement plan imposed by the property manager ("PIP").

The requirement for the JW Marriott Desert Springs Borrower to make monthly deposits to a tax escrow is waived so long as the JW Marriott Desert Springs Borrower has reserved such amounts with the property manager pursuant to the management agreement. In the event that the JW Marriott Desert Springs Borrower is no longer required to reserve such amounts with the property manager, on each payment date the JW Marriott Desert Springs Borrower will be required to deposit 1/12 of annual estimated taxes.

The requirement for the JW Marriott Desert Springs Borrower to make monthly deposits to an insurance escrow is waived so long as the JW Marriott Desert Springs Borrower has reserved such amounts with the property manager pursuant to the management agreement. In the event that the JW Marriott Desert Springs Borrower is no longer required to reserve such amounts with the property manager, on each payment date the JW Marriott Desert Springs Borrower will be required to deposit 1/12 of annual estimated insurance premiums upon the occurrence of (i) an event of default under the JW Marriott Desert Springs Whole Loan, (ii) the liability and casualty policies maintained by the JW Marriott Desert Springs Borrower are not part of a blanket or umbrella policy approved by the lender in its reasonable discretion, (iii) the JW Marriott Desert Springs Borrower does not provide the lender with evidence of renewal of certain insurance policies or (iv) the JW Marriott Desert Springs Borrower does not provide the lender with paid receipts for the payment of the insurance premiums within ten days prior to the expiration dates of the policies.

The requirement for the JW Marriott Desert Springs Borrower to make monthly deposits for furniture, fixtures and equipment ("FF&E") is waived so long as the JW Marriott Desert Springs Borrower has reserved such amounts with the property manager pursuant to the management agreement. In the event the JW Marriott Desert Springs Borrower is no longer required to reserve such amounts with the property manager, the JW Marriott Desert Springs Borrower will be required to make monthly deposits into an FF&E escrow equal to the greater of (i) 1/12 of 5.50% of the gross operating income for the JW Marriott Desert Springs Property for the preceding calendar year; provided that, starting with the first full fiscal year following completion of all replacements, repairs or improvements required to be made pursuant to any PIP, such percentage shall be adjusted as follows: Year 1: 3.50%, Year 2: 4.0%, Year 3: 4.5%, Year 4: 5.0%, and Year 5 and thereafter: 5.50%; and (ii) the amount (if any) of the deposit required by the property manager for the JW Marriott Desert Springs Property on account of FF&E pursuant to the related management agreement.

On each payment date when the amount on deposit in a seasonality reserve account (the "Seasonality Reserve") is less than the Seasonality Reserve Cap, excess cash flow, to the extent available, is required to be deposited into the Seasonality Reserve in an amount sufficient to cause the balance in the Seasonality Reserve to equal the then applicable Seasonality Reserve Cap. To the extent that the balance in the Seasonality Reserve is less than the Seasonality Reserve Cap as of May 30 of each year, the JW Marriott Desert Springs Borrower is required to deposit with the lender by June 30 of such year an amount sufficient to bring the balance on deposit equal to the then applicable Seasonality Reserve Cap. Provided no event of default has occurred and is continuing, the lender is required to disburse amounts from the Seasonality Reserve Funds to the JW Marriott Desert Springs Borrower for payment of debt service or for distribution to the mezzanine borrower for payment on the mezzanine loan. At the end of each calendar year, at the request of the JW Marriott Desert Springs Borrower, any remaining amounts constituting Seasonality Reserve Funds are required to be released to the JW Marriott Desert Springs Borrower.

"Seasonality Reserve Cap" means, (A) for calendar year 2017, for the period (1) from the loan closing date to but excluding the monthly payment date in October 2017, an amount equal to the sum of (a) four months of debt service, plus (b) four months of debt service on the mezzanine loan, and (2) for the remainder of calendar year 2017, an amount equal to the sum of (a) two months of debt service, plus (b) two months of debt service on the mezzanine loan, and (B) for each calendar year thereafter, for the period commencing on the monthly payment date in January of such calendar year through but excluding the monthly payment date in October of such calendar year, an amount equal to the sum of (a) four months of debt service, plus (b) four months of debt service on the mezzanine loan, and (2) for the remainder of each such calendar year, an amount equal to the sum of (a) two months of debt service, plus (b) two months of debt service on the mezzanine loan.

Lockbox and Cash Management. The loan is structured with a hard lockbox and in-place cash management. For so long as Marriott is providing property management services for the JW Marriott Desert Springs Property pursuant to the property management agreement, funds shall first be deposited into accounts maintained by Marriott for the JW Marriott Desert Springs Borrower (as to which the JW Marriott Desert Springs Borrower, Marriott, and the bank maintaining such accounts have executed a control agreement with the lender), and Marriott is required to deposit into a lockbox account for the benefit of the lender (the "Deposit Account") the funds that remain after Marriott has paid all operating expenses of the JW Marriott Desert Springs Property, including without limitation management fees, working capital reserves and other amounts payable pursuant to the terms of the management agreement ("Remaining Revenues"). All Remaining Revenues (or if Marriott is no longer providing property management services, all revenues) are required to be deposited into the Deposit Account. All revenues in the Deposit Account are required to be deposited into an account established by the lender (the "Cash Management Account"). The cash management bank will be required to apply funds in the Cash Management Account to fund the required reserves deposits described above under "Escrows and Reserves," debt service on the JW Marriott Desert Springs Whole Loan, to disburse monthly operating expenses as referenced in the approved annual budget, to pay extraordinary expenses not referenced in the approved annual budget and approved by the lender, to pay debt service on the related mezzanine loan, and all remaining cash shall be distributed (i) if no Cash Sweep Event Period (as defined below) is in effect, and (a) the lender has received notice of an event of default under the related mezzanine loan, to the mezzanine lender, or (b) if the lender has not received such notice, but the Seasonality Reserve Cap has not been met, to the Seasonality Reserve until the Seasonality Reserve Cap has been met, (ii) if a Cash Sweep Event Period is in effect, first into the Seasonality Reserve until the Seasonality Reserve Cap has been met, with any remaining funds deposited into an excess cash flow account to be held as security for the JW Marriott Desert Springs Whole Loan during the continuance of such Cash Sweep Event Period, and (iii) if any funds remain thereafter and no Cash Sweep Event Period is in effect, to the JW Marriott Desert Springs Borrower.

A "Cash Sweep Event Period" will commence upon the occurrence of any of the following: (i) an event of default; (ii) if, as of any calculation date, the aggregate debt service coverage ratio under the JW Marriott Desert Springs Whole Loan and the related mezzanine loan is less than 1.20x for 12 consecutive calendar months tested quarterly (a "DSCR Event"); (iii) a management agreement default event where there has been a default by the JW Marriott Desert Springs Borrower under the management agreement or that the property is not being operated and maintained in accordance with the manager's standards, resulting in the JW Marriott Desert Springs Borrower no longer being in good standing with the manager and such default is not cured within the later of 30 days and the grace/cure period in the management agreement or as otherwise provided for in writing by the franchisor, (iv) a management agreement termination event; and (v) JW Marriott Desert Spring Borrower's failure to comply with the terms of Section 6.5.1 of the loan agreement for the JW Marriott Desert Spring Whole Loan requiring funding in connection with a PIP (a "6.5.1 Event") and continuing until such time, if any, as the lender gives notice to the cash management bank that the Cash Sweep Event Period has ended.

The lender is required to give notice that a Cash Sweep Event Period has ended if (A) with respect to a Cash Sweep Event Period described in clause (i) above, such event of default has been cured and accepted by the lender in its sole and absolute discretion, (B) with respect to a DSCR Event, the lender has determined that the JW Marriott Desert Springs Property has achieved an aggregate debt service coverage ratio under the JW Marriott Desert Springs Whole Loan and the related mezzanine loan of at least 1.30x for the immediately preceding 12 consecutive calendar months, (C) with respect to a management agreement default event, (x) such default has been remedied to the satisfaction of the lender and manager as evidenced by an estoppel certificate delivered to the lender from the manager, in form and substance reasonably acceptable to the lender and (y) there has been no default by the JW Marriott Desert Springs Borrower under the management agreement for 60 consecutive days, (D) with respect to a management agreement termination event, (x) the JW Marriott Desert Springs Borrower has entered into a new management agreement (or franchise agreement) with a hotel operator ("Replacement Management Agreement") each acceptable to the lender in its sole discretion, and (y) the hotel operations at the JW Marriott Desert Springs Property have been operating for 60 consecutive days under the Replacement Management Agreement, without the occurrence of any default by the JW Marriott Desert Springs Borrower or manager thereunder or (E) with respect to a 6.5.1 Event, the lender has confirmed that the JW Marriott Desert Springs Borrower is in compliance with the terms of Section 6.5.1 of the loan agreement.

Additional Secured Indebtedness (not including trade debts). The JW Marriott Desert Springs Property also secures the JW Marriott Desert Springs Serviced *Pari Passu* Companion Loans, which have a Cut-off Date principal balance of \$55,000,000. The JW Marriott Desert Springs Serviced *Pari Passu* Companion Loans accrue interest at the same rate as the JW Marriott Desert Springs Mortgage Loan. The JW Marriott Desert Springs Mortgage Loan is entitled to payments of interest and principal on a *pro rata* and *pari passu* basis with the JW Marriott Desert Springs Serviced *Pari Passu* Companion Loans. The holders of the JW Marriott Desert Springs Loan and the JW Marriott Desert Springs Serviced *Pari Passu* Companion Loans have entered into a co-lender agreement which sets forth the allocation of collections on the JW Marriott Desert Springs Whole Loan. See "Description of the Mortgage Pool—The Whole Loans— The Serviced Whole Loans" in the Prospectus.

Mezzanine Loan and Preferred Equity. The "JW Marriott Desert Springs Mezzanine Loan" refers to a loan in the original principal amount of \$16,000,000 made to Newage Desert Springs Holding, LLC, a Delaware limited liability company, by Morgan Stanley Mortgage Capital Holdings LLC, secured by 100% of the direct or indirect equity interest in the JW Marriott Desert Springs Borrower and put in place simultaneously with the origination of the JW Marriott Desert Springs Whole Loan. The JW Marriott Desert Springs Mezzanine Loan has an interest rate of 10.39%, is interest-only, and is co-terminus with the JW Marriott Desert Springs Whole Loan. The JW Marriott Desert Springs Mezzanine Loan and the JW Marriott Desert Springs Whole Loan are subject to an intercreditor agreement between Morgan Stanley Bank, National Association, as senior lender, and Morgan Stanley Mortgage Capital Holdings LLC, as mezzanine lender. It is anticipated that the mezzanine loan will be sold to a third party.

Release of Property. Not permitted.

Terrorism Insurance. The JW Marriott Desert Springs Whole Loan documents require that the "all risk" insurance policy required to be maintained by the JW Marriott Desert Springs Borrower provide coverage for terrorism in an amount determined by the lender, but in no event more than the full replacement cost of the JW Marriott Desert Springs Property and 18 months of business interruption insurance; provided that if the Terrorism Risk Insurance Program Reauthorization Act of 2015 or subsequent statute, extension or reauthorization thereof ("TRIPRA") is in effect and continues to cover both foreign and domestic acts of terrorism, the lender is required to accept terrorism insurance with coverage against "covered acts" within the meaning of TRIPRA.