

Diamond Hill Apartments

Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$21,750,000
Cut-off Date Principal Balance:	\$21,600,521
% of Pool by IPB:	2.7%
Loan Purpose:	Refinance
Borrower:	Diamond Hill at Westheimer, LLC
Sponsor:	Swapnil Agarwal
Interest Rate:	5.09600%
Note Date:	11/2/2016
Maturity Date:	12/1/2021
Interest-only Period:	None
Original Term:	60 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(25),Grtr1%orYM(32),O(3)
Lockbox / Cash Management:	Springing / Springing
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Multifamily – Garden
Net Rentable Area (Units):	301
Location:	Houston, TX
Year Built / Renovated:	1968 / 2015
Occupancy:	94.0%
Occupancy Date:	3/8/2017
Number of Tenants:	N/A
2014 NOI:	\$1,336,574
2015 NOI:	\$1,435,816
2016 NOI:	\$1,564,450
TTM NOI (as of 1/2017)⁽¹⁾:	\$1,577,288
UW Economic Occupancy:	91.8%
UW Revenues:	\$3,493,364
UW Expenses:	\$1,569,455
UW NOI⁽¹⁾:	\$1,923,909
UW NCF:	\$1,848,659
Appraised Value / Per Unit⁽²⁾:	\$29,000,000 / \$96,346
Appraisal Date:	3/23/2017

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$330,620	\$27,643	N/A
Insurance:	\$0	Springing	N/A
Replacement Reserves:	\$500,000	\$8,750	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$0	\$0	N/A

Financial Information

Cut-off Date Loan / Unit:	\$71,763
Maturity Date Loan / Unit:	\$66,735
Cut-off Date LTV⁽²⁾:	74.5%
Maturity Date LTV⁽²⁾:	69.3%
UW NCF DSCR:	1.31x
UW NOI Debt Yield:	8.9%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$21,750,000	100.0%	Payoff Existing Debt	\$17,889,898	82.3%
			Upfront Reserves	830,620	3.8
			Closing Costs	435,958	2.0
			Return of Equity	2,593,524	11.9
Total Sources	\$21,750,000	100.0%	Total Uses	\$21,750,000	100.0%

(1) The increase in UW NOI from TTM NOI is primarily due to higher rents in place and lower expenses. Since acquisition in May 2015, the loan sponsor has carried out approximately \$2.3 million in renovations at the property thereby achieving higher rents per unit. Payroll expenses were inflated during the room renovations.

(2) The Appraised Value / Per Unit, Cut-off Date LTV and Maturity Date LTV are calculated based on the "Prospective As-Stabilized" appraised value, which assumes that the remaining renovations related to a capital improvements plan ongoing at origination will be completed and the property achieves a 93.0% occupancy as of March 23, 2017. At origination, the borrower was required to reserve the full estimated remaining cost of the renovations. As of March 8, 2017 the property was 94.0% occupied. The "as-is" appraised value as of September 23, 2016 was \$28,700,000, which results in a Cut-off Date LTV and Maturity Date LTV of 75.3% and 70.0%, respectively.

Diamond Hill Apartments

The Loan. The Diamond Hill Apartments loan has an outstanding principal balance as of the Cut-off Date of approximately \$21.6 million and is secured by a first mortgage lien on the borrower's fee interest in a 301-unit, Class B garden-style multifamily complex located in Houston, Texas. The loan has a five-year term and will amortize on a 30-year schedule. The borrowing entity for the Diamond Hill Apartments loan is Diamond Hill at Westheimer, LLC, a Delaware limited liability company and special purpose entity. The loan sponsor and nonrecourse carve-out guarantor is Swapnil Agarwal, the founder and managing principal of Nitya Capital ("Nitya"). Based in Houston, Texas, Nitya is a privately held real estate investment firm that focuses on the acquisition and management of multifamily properties. Since its inception in 2013, Nitya has acquired approximately 8,500 units and currently owns 30 properties. The portfolio is managed by Nitya's fully-owned property management company, Karya Property Management, LLC. Swapnil Agarwal has more than 11 years of financial and investment experience with more than eight years of global real estate experience. Mr. Agarwal was formerly the head of Alternative Investments at Virtus Real Estate Capital in Austin, Texas, where he was responsible for multifamily assets across the United States. The sponsor acquired the property in 2015 for approximately \$19.8 million (\$66,000 per unit) with approximately \$1.3 million in closing costs and, according to the loan sponsor, it subsequently spent approximately \$2.3 million (approximately \$7,714 per unit) in capital improvements, for a total cost basis of \$23.4 million (\$78,033 per unit).

The Diamond Hill Apartments borrower is an affiliate of the borrower under the mortgage loan secured by the property identified in Annex A-1 to the Prospectus as Quail Creek.

The Property. Diamond Hill Apartments is a 301-unit, Class B garden-style multifamily complex situated on approximately 6.8 acres in Houston, Texas. The property was built in 1968 and renovated in 2015. The unit mix consists of 212 one-bedroom units and 89 two-bedroom units across 36 three-story apartment buildings. Amenities include an on-site leasing office, access gates, three swimming pools and three laundry rooms. Units feature stainless-steel appliances, including an electric range/oven, a refrigerator, a garbage disposal and a dishwasher. As of March 8, 2017, the property was 94.0% occupied.

According to the loan sponsor, since acquiring the property in May 2015, approximately \$2.3 million (approximately \$7,714 per unit) has been spent on capital improvements. Approximately \$1.4 million was spent to fully renovate 213 units and to partially renovate an additional 47 units by replacing carpets, tiles, appliances and fixtures. The remaining approximately \$350,000 was spent on general property improvements and HVAC replacements. Each renovated unit features wood cabinets with granite countertops and vinyl wood flooring in the kitchen. After the completion of these renovations, rents have increased by an average of \$147 per unit per month. The property also features 408 parking spaces resulting in a parking ratio of approximately 1.36 spaces per unit.

Unit Mix ⁽¹⁾							
Unit Type	# of Units	% of Total	Occupied Units	Occupancy	Average Unit Size (SF)	Average Monthly In-Place Rents	Average Market Rent Per Unit ⁽²⁾
1 BR / 1 BA	212	70.4%	195	92.0%	714	\$885	\$949
2 BR / 1 BA	1	0.3	1	100.0	1,050	\$1,350	\$1,350
2 BR / 2 BA	88	29.2	87	98.9	1,148	\$1,221	\$1,250
Total / Wtd. Avg.	301	100.0%	283	94.0%	842	\$990	\$1,038

(1) Based on underwritten rent roll dated March 8, 2017.

(2) According to the appraisal.

The Market. Diamond Hill Apartments is located on Westheimer Road within the Westchase District, a master-planned, municipal management district in the western portion of Houston, Texas. Westheimer road provides direct access to the Houston Galleria mall and downtown Houston, approximately 4.3 and 13.0 miles east of the property, respectively. Primary access to the property's neighborhood is provided by Interstate Highway 45, connecting Dallas from the north to Galveston in the south, and Beltway-8, which circumnavigates Houston approximately 12.0 miles outside of the central business district.

The property is located in the Westchase submarket of Houston. Houston is home to 26 Fortune 500 and 57 Fortune 1000 company headquarters, ranking third in the nation. According to the appraisal, among major metropolitan areas, Houston ranks first in job creation over the past 15 years and third in job creation over the past 25 years. The Westchase District is attractive due to its location, freeway access and amenity offerings for its commercial and residential population base. The Westchase area has experienced growth over the last two decades since the opening of the Westpark Tollway, which has made Inner Loop destinations more accessible. The property benefits from its proximity to multiple retail and office developments along Westheimer Road and is located approximately 1.5 miles from a Walmart-anchored retail center. Westchase generates office demand from companies such as BMC Software, ABB, Microsoft and Ranger Insurance and offers more than 100 restaurants, banks, fitness centers and numerous public and private schools. The area has a large presence of energy and energy service firms such as Halliburton, PGS Tensor, Veritas and Petrobras America and is in close proximity to the Energy Corridor, which is approximately 10.3 miles northwest of the Westchase District. Other demand generators include the Texas Medical Center and Westchase Business Park. The Texas Medical Center is a large medical complex serving approximately 10.0 million patients per year.

Diamond Hill Apartments

According to the appraisal, the estimated total population within a one-, three- and five-mile radius of the property is 26,661, 215,194 and 542,785, respectively. As of December 2016, the estimated median income within a one-, three- and five-mile radius is \$49,001, \$46,369 and \$49,862, respectively. The appraisal did not identify any new or proposed projects as directly competitive with the property. According to the appraisal, as of September 2016, the Westchase submarket had a multifamily vacancy of 12.6%. The appraisal identified five directly comparable multifamily properties built between 1970 and 1976 and ranging in size from 221 to 396 units. Occupancies at the comparable properties ranged from 91.0% to 97.0% with a weighted average occupancy of 94.0%. Asking rental rates for the comparable multifamily properties ranged from \$902 per unit to \$1,201 per unit, with a weighted average of \$982 per unit. The average underwritten in-place rent of \$990 per unit is below the appraisal concluded rent of \$1,039.

Operating History and Underwritten Net Cash Flow							
	2014	2015	2016	TTM ⁽¹⁾	Underwritten	Per Unit	% ⁽²⁾
Rents in Place ⁽³⁾⁽⁴⁾	\$2,757,589	\$2,887,503	\$3,277,875	\$3,281,655	\$3,362,436	\$11,170.88	92.4%
Vacant Income	0	0	0	0	197,784	657.09	5.4
Gross Potential Rent	\$2,757,589	\$2,887,503	\$3,277,875	\$3,281,655	\$3,560,220	\$11,827.97	97.9%
Total Reimbursements	0	114,776	91,938	75,448	78,088	259.43	2.1
Net Rental Income	\$2,757,589	\$3,002,278	\$3,369,813	\$3,357,103	\$3,638,308	\$12,087	100.0
(Vacancy/Credit Loss) ⁽⁵⁾	0	(221,085)	(320,401)	(284,736)	(298,544)	(992)	(8.2)
Other Income	0	161,983	207,056	210,429	153,600	510	4.2
Effective Gross Income	\$2,757,589	\$2,943,177	\$3,256,468	\$3,282,796	\$3,493,364	\$11,606	96.0%
Total Expenses	\$1,421,015	\$1,507,361	\$1,692,018	\$1,705,508	\$1,569,455	\$5,214	44.9%
Net Operating Income⁽⁴⁾	\$1,336,574	\$1,435,816	\$1,564,450	\$1,577,288	\$1,923,909	\$6,392	55.1%
Replacement Reserves	0	0	0	0	75,250	\$250	2.2
Net Cash Flow	\$1,336,574	\$1,435,816	\$1,564,450	\$1,577,288	\$1,848,659	\$6,142	52.9%
Occupancy⁽⁶⁾	91.0%	83.0%	92.0%	94.0%	91.8%		

(1) TTM column represents the trailing 12-month period ending on January 31, 2017.

(2) % column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.

(3) The increase in Rents in Place from 2015 to TTM is due to ongoing renovations. The sponsor is achieving higher rents. Underwritten Rents in Place is based on the rent roll dated March 8, 2017.

(4) The increase in Underwritten Net Operating Income from TTM Net Operating Income is primarily due to higher Rents in Place and lower expenses. Payroll expenses were inflated during the room renovations.

(5) Vacancy/Credit Loss for historic operating periods represents concessions and credit loss. Underwritten credit loss is based on the trailing three-month period as of January 31, 2017.

(6) Historical Occupancies are as of December 31 of each year. TTM Occupancy is as of March 8, 2017. Underwritten Occupancy represents economic occupancy.