

Villas at San Gabriel

Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$43,000,000
Cut-off Date Principal Balance:	\$43,000,000
% of Pool by IPB:	3.9%
Loan Purpose:	Refinance
Borrower:	2410 San Gabriel, L.P.
Sponsor:	Brad J. Zucker
Interest Rate:	4.88600%
Note Date:	9/19/2017
Maturity Date:	10/1/2027
Interest-only Period:	60 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Grtr1%orYM(92),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 – Student
Net Rentable Area (Beds):	396
Location:	Austin, TX
Year Built / Renovated:	2017 / N/A
Occupancy:	100.0%
Occupancy Date:	8/1/2017
Number of Tenants:	N/A
2014 NOI⁽¹⁾:	N/A
2015 NOI⁽¹⁾:	N/A
2016 NOI⁽¹⁾:	N/A
TTM NOI⁽¹⁾:	N/A
UW Economic Occupancy:	95.0%
UW Revenues:	\$5,664,164
UW Expenses:	\$2,038,073
UW NOI:	\$3,626,091
UW NCF:	\$3,586,491
Appraised Value / Per Bed⁽²⁾:	\$64,700,000 / \$163,384
Appraisal Date:	8/28/2017

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$267,689	\$81,046	N/A
Insurance:	\$9,557	\$4,779	N/A
Replacement Reserves:	\$4,950	\$4,950	\$158,400
TI/LC:	\$0	\$0	N/A
Other⁽³⁾:	\$0	Springing	N/A

Financial Information

Cut-off Date Loan / Bed:	\$108,586
Maturity Date Loan / Bed:	\$99,969
Cut-off Date LTV⁽²⁾:	66.5%
Maturity Date LTV⁽²⁾:	61.2%
UW NCF DSCR:	1.31x
UW NOI Debt Yield:	8.4%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$43,000,000	100.0%	Payoff Existing Debt	\$30,206,535	70.2%
			Closing Costs	556,298	1.3
			Upfront Reserves	282,196	0.7
			Return of Equity ⁽⁴⁾	11,954,971	27.8
Total Sources	\$43,000,000	100.0%	Total Uses	\$43,000,000	100.0%

(1) Historical financials are unavailable as construction of the property was completed in August 2017.

(2) Appraised Value / Per Bed represents the "prospective as stabilized/completed" value, which assumes construction of the property is complete. Construction of the property was completed in August 2017. The "as-is" value as of July 28, 2017 was \$62.4 million and results in a corresponding Cut-off Date LTV and Maturity Date LTV of 68.9% and 63.4%, respectively.

(3) Other monthly reserve represents a prepaid rent reserve. On a monthly basis, the borrower is required to deliver a schedule showing rents paid by tenants more than one month in advance. On each date on which the borrower delivers an updated prepaid rent schedule, if the schedule indicates that the aggregate amount of prepaid rents is in excess of 5.0% of the annual rents due under leases at the property, the borrower is required to reserve an amount equal to such excess with the lender.

(4) Includes a \$4.0 million holdback with Chicago Title of Texas, LLC which is required be released upon final payment by the borrower to the general contractor.

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The Loan. The Villas at San Gabriel loan has an outstanding principal balance as of the Cut-off Date of \$43.0 million and is secured by a first mortgage lien on the borrower's fee interest in a 396-bed, student housing complex located in Austin, Texas. The loan has a 10-year term and, subsequent to a five-year interest-only period, will amortize on a 30-year schedule. The borrowing entity for the Villas at San Gabriel loan is 2410 San Gabriel, L.P., a Texas limited partnership and special purpose entity. The loan sponsor and nonrecourse carve-out guarantor is Brad J. Zucker, one of the principals (together with the founder, Carl Zucker) of Zucker Properties ("Zucker"). Founded in 1967, Zucker has owned, operated or developed over \$60.0 million of real estate across student housing, multifamily, retail and commercial assets in the Houston and Austin markets. Since 1998, Zucker has developed several campus apartment complexes in the Austin market and currently owns a total of three student housing properties in the area.

The loan sponsor originally acquired the land on which the property is situated in the late 1990s and built the original Villas at San Gabriel. In 2016, Zucker tore down the original Villas at San Gabriel and began construction on the new property. According to the loan sponsor, Zucker has invested approximately \$45.9 million to construct the property which include the purchase of the land, demolition, architecture fees and overall construction costs.

The Property. The Villas at San Gabriel property is a 396-bed student housing complex located in the West Campus area of Austin, Texas 0.4 miles from University of Texas at Austin ("UT Austin"). Of the 92 units at the property, there are 10 one-bedroom, 12 three-bedroom, 24 four-bedroom, 22 five-bedroom and 24 six-bedroom units. Property amenities include a resort-style swimming pool and hot tub, 3-D golf simulator, fitness center, indoor basketball court, poker room and sports lounge and covered bike storage. In room amenities at the property include 65 inch flat screen televisions equipped with Apple TV, custom cabinetry and stone countertops, stainless steel appliances, frameless glass door showers, walk-in closets, multi-zone air-conditioning, ceiling fans and full-size washers and dryers. All units at the property are equipped with smart home technology, which allows residents to control lighting, television and music from an app on a mobile device. The property also features an onsite leasing and management office, access controlled garage with reserved underground parking, community wireless internet and outdoor lounge areas on each floor. The loan sponsor requires all units be leased on a 12-month term and requires each student to co-sign with a guardian/guarantor. As of August 1, 2017, the property was 100.0% leased for the 2017-2018 academic year, and as of September 20, 2017 the property was 84.0% preleased for the 2018-2019 academic year with an increase of approximately 5.0% in average rents compared to the 2017-2018 academic year.

The Market. With approximately 51,000 undergraduate and graduate students, University of Texas at Austin has the fifth-largest single-campus enrollment in the United States and ranks among the top 20 public universities according to a third-party survey. UT Austin currently offers students an option to live on campus at one of its 15 residence halls, which have capacity to house approximately 6,956 students and as a result, less than 14% of the UT Austin student body lives on campus. According to projections from the Texas Higher Education Coordination Board, UT Austin enrollment is projected to grow approximately 1.0% per year for the next decade. According to the appraisal, the limited number of student housing properties that have been built in West Campus have experienced favorable market acceptance and have been leased to stabilized occupancy levels. The property also has excellent access to Interstate-35, MoPac Expressway, Texas State Highway Spur-69 and Highway 290. Aside from UT Austin, other demand drivers around the area include Downtown Austin, trade shows and tourist attractions, the Lyndon Baines Johnson Library Museum and Zilker Park. The Austin-Bergstrom International Airport provided service to approximately 11.9 million passengers in 2015.

The appraisal identified five comparable student-oriented housing properties proximate to the Villas at San Gabriel property, one of which is owned by affiliates of the borrower. The Villas at San Gabriel property comparables range from 182 to 666 beds with an average of 362 beds, and indicate an effective rental range of \$1,046 to \$1,235 per bed, with an average of \$1,133 per bed which is in-line with the Villas at San Gabriel property. The comparable properties reported occupancies ranging from 99.0% to 100.0% with a weighted average occupancy of approximately 100.0%. The appraisal identified one new property, representing 167 beds, in the UT Austin submarket, expected to be delivered in fall 2017.

The table below sets forth the unit mix at the Villas at San Gabriel property.

Multifamily Unit Mix ⁽¹⁾								
Unit Type	# of Units	# of Beds	% of Total	Occupied Beds	Occupancy ⁽²⁾	Average Unit Size (SF) ⁽²⁾	Average Market Rent Per Bed ⁽²⁾	Average Monthly In-Place Rents ⁽²⁾
1 BR / 1 BA	10	10	10.9%	10	100.0%	686	\$981	\$981
3 BR / 3 BA	12	36	13.0	36	100.0%	1,503	\$1,125	\$1,125
4 BR / 4 BA	24	96	26.1	96	100.0%	1,709	\$1,038	\$1,038
5 BR / 5 BA	22	110	23.9	110	100.0%	2,125	\$1,082	\$1,082
6 BR / 6 BA	24	144	26.1	144	100.0%	2,615	\$1,156	\$1,156
Total / Wtd. Avg.	92	396	100.0%	396	100.0%	1,898	\$1,100	\$1,100

(1) Based on the rent roll dated August 1, 2017 provided by the borrower.

(2) Occupancy, Average Unit Size (SF), Average Market Rent Per Bed and Average Monthly In-Place Rents represent a weighted average of the various unit type layouts of comparable properties identified by the appraiser.

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Underwritten Net Cash Flow ⁽¹⁾			
	Underwritten	Per Bed ⁽²⁾	% ⁽³⁾
Rents in Place	\$5,224,896	\$13,194.18	88.4%
Vacant Income	0	0	0.0
Gross Potential Rent	\$5,224,896	\$13,194	88.4%
Total Reimbursements	684,750	1,729	11.6
Net Rental Income	\$5,909,646	\$14,923.35	
(Vacancy/Credit Loss)	(295,482)	(746)	(5.0)
Other Income ⁽⁴⁾	50,000	126	0.8
Effective Gross Income	\$5,664,164	\$14,303	95.8%
Total Expenses	\$2,038,073	\$5,147	36.0%
Net Operating Income	\$3,626,091	\$9,157	64.0%
Replacement Reserves	39,600	100	0.7
Net Cash Flow	\$3,586,491	\$9,057	63.3%
Occupancy⁽⁵⁾	95.0%		

(1) Historical financials are not available as construction of the property was completed in August 2017.

(2) Based on 396 total beds at the property.

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

(4) Other income consists of parking income.

(5) Underwritten occupancy represents economic occupancy.

Property Management. The Villas at San Gabriel property is managed by Brad J. Zucker, who is also the loan sponsor. The current management agreement became effective on September 19, 2017.

Permitted Mezzanine Debt. In connection with a transfer of the property to a third party and assumption of the loan in accordance with the loan documents, the owners of the transferee are permitted to obtain a mezzanine loan secured by the equity interests in the transferee upon satisfaction of the following conditions, among others: (i) no event of default has occurred and is continuing; (ii) the loan-to-value ratio (including the mezzanine loan) does not exceed 66.5%; (iii) the projected debt service coverage ratio (as calculated in the loan documents and including the mezzanine loan) for the 12-month period following the origination date of the mezzanine loan is not less than 1.39x; and (iv) the mezzanine lender enters into an intercreditor agreement in form and substance acceptable to the lender in its sole discretion.