

## Waterstone Apartments

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	JPMCB
<b>Original Principal Balance:</b>	\$30,240,000
<b>Cut-off Date Principal Balance:</b>	\$30,240,000
<b>% of Pool by IPB:</b>	2.6%
<b>Loan Purpose:</b>	Acquisition
<b>Borrower:</b>	MREF II Waterstone, LLC
<b>Sponsor:</b>	Momentum Real Estate Fund II, LLC
<b>Interest Rate:</b>	4.41200%
<b>Note Date:</b>	9/1/2015
<b>Maturity Date:</b>	9/1/2022
<b>Interest-only Period:</b>	48 months
<b>Original Term:</b>	84 months
<b>Original Amortization:</b>	360 months
<b>Amortization Type:</b>	IO-Balloon
<b>Call Protection:</b>	L(25),Grtr1%orYM(56),O(3)
<b>Lockbox:</b>	Springing
<b>Additional Debt:</b>	N/A
<b>Additional Debt Balance:</b>	N/A
<b>Additional Debt Type:</b>	N/A

### Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype:</b>	Multifamily - Garden
<b>Net Rentable Area (Units):</b>	276
<b>Location:</b>	Spring, TX
<b>Year Built / Renovated:</b>	2012 / N/A
<b>Occupancy:</b>	92.8%
<b>Occupancy Date:</b>	6/4/2015
<b>Number of Tenants:</b>	N/A
<b>2012 NOI<sup>(1)</sup>:</b>	N/A
<b>2013 NOI<sup>(2)</sup>:</b>	\$2,084,220
<b>2014 NOI<sup>(2)</sup>:</b>	\$2,512,039
<b>TTM NOI (as of 7/2015):</b>	\$2,533,737
<b>UW Economic Occupancy:</b>	93.2%
<b>UW Revenues:</b>	\$4,390,551
<b>UW Expenses:</b>	\$1,968,233
<b>UW NOI:</b>	\$2,422,317
<b>UW NCF:</b>	\$2,357,181
<b>Appraised Value / Per Unit:</b>	\$42,000,000 / \$152,174
<b>Appraisal Date:</b>	7/3/2015

### Escrows and Reserves

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$622,553	\$77,819	N/A
<b>Insurance:</b>	\$0	Springing	N/A
<b>Replacement Reserves:</b>	\$5,428	\$5,428	\$138,000
<b>TI/LC:</b>	\$0	\$0	N/A
<b>Other:</b>	\$0	\$0	N/A

### Financial Information

<b>Cut-off Date Loan / Unit:</b>	\$109,565
<b>Maturity Date Loan / Unit:</b>	\$104,157
<b>Cut-off Date LTV:</b>	72.0%
<b>Maturity Date LTV:</b>	68.4%
<b>UW NCF DSCR:</b>	1.30x
<b>UW NOI Debt Yield:</b>	8.0%

### Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$30,240,000	71.2%	Purchase Price	\$41,298,870	97.3%
Sponsor Equity	12,205,447	28.8	Upfront Reserves	627,981	1.5
			Closing Costs	518,596	1.2
<b>Total Sources</b>	<b>\$42,445,447</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$42,445,447</b>	<b>100.0%</b>

(1) 2012 NOI is not available because the property was built in late 2012.

(2) The increase from 2013 NOI to 2014 NOI is primarily due to the decrease in economic vacancy from 2013 to 2014, when the property reached stabilization.

**The Loan.** The Waterstone Apartments loan has an outstanding principal balance of \$30.24 million and is secured by a first mortgage lien on the borrower's fee interest in a 276-unit, garden-style multifamily property located in Spring, Texas. The loan has a seven-year term and, subsequent to a four-year interest-only period, will amortize on a 30-year schedule. The borrowing entity for the loan is MREF II Waterstone, LLC, a Delaware limited liability company and special purpose entity. The loan sponsor and nonrecourse carve-out guarantor is Momentum Real Estate Fund II, LLC. Momentum Real Estate Fund II, LLC is the second fund that Momentum Real Estate Partners, LLC has raised and currently manages in order to invest in the multifamily sector. Momentum Real Estate Partners, LLC's principals and management team have a strong track record, having directly and indirectly acquired, developed, owned and operated numerous Class A garden-style apartment units. Since 2011, Momentum Real Estate Fund II, LLC has acquired seven apartment communities totaling 1,799 units in Florida and Texas.

## Waterstone Apartments

**The Property.** The Waterstone Apartments property is a 276-unit, Class A multifamily property located in Spring, Texas. Developed in 2012, the property is situated on 28.3 acres and consists of 26 two-story apartment buildings and one single-story clubhouse. As of June 4, 2015, the property was 92.8% occupied. The property unit features include fully equipped kitchens, washer/dryers, private balconies and attached garages in approximately 80.0% of the units (220 out of the 276), which collectively serve as market differentiators among the neighborhood area. Property amenities include a 5,358 square foot clubhouse that has leasing offices, a clubroom with a television, an arcade game console, a kitchen, a business center, a fitness center, a swimming pool with a sundeck and a grilling area, a dog park and a car wash area. The property also has 534 parking spaces, including the 220 attached garages, resulting in a parking ratio of 1.93 spaces per unit.

The Waterstone Apartments property is conveniently situated approximately three miles south of ExxonMobil's new campus in The Woodlands, Texas and 23 miles north of the Houston central business district. Designed to accommodate approximately 10,000 employees, ExxonMobil's new campus is located on 385 wooded acres and is expected to reach full occupancy in 2015. An independent economic impact study estimates the campus will create 44,000 permanent jobs during ongoing operations. Access to the property's neighborhood is provided by Interstate 45, located one mile to the east. Additionally, the property is expected to benefit from the Grand Parkway extension, an over 180 mile circumferential scenic highway traversing seven counties and encircling the Greater Houston region. The Grand Parkway Interstate 45 segment is currently under construction and is set for opening in late 2015.

**The Market.** The property is located within the Houston apartment market and the Champions/FM 1960 multifamily submarket. The submarket had a 7.8% vacancy rate as of March 2015. The submarket vacancy has trended downward over the last three years with average vacancies of 12.8% in 2012, 10.8% in 2013 and 7.4% in 2014. According to a third party data provider, the 2015 estimated population within a one- and three-mile radius of the property is 7,919 and 86,265, respectively. The 2015 estimated average household income within a one- and three-mile radius of the property is \$101,898 and \$82,367, respectively. As of March 2015, the submarket contained 594,249 units across 2,566 properties, according to a third party data provider. The appraisal identified five comparable rentals proximate to the Waterstone Apartments property. The property's comparables range in average unit size from 823 to 1,078 square feet with an average of 938 square feet, and indicate an asking rental range of \$905 to \$1,348, with an average of \$1,215.

Unit Type	Multifamily Unit Mix <sup>(1)</sup>						
	# of Units	% of Total	Occupied Units	Occupancy	Average Unit Size (SF)	Average Market Rent Per Unit	Average Monthly In-Place Rents
1 BR / 1 BA	22	8.0%	21	95.5%	667	\$1,059	\$1,036
1 BR / 1 BA	22	8.0	19	86.4%	814	\$1,159	\$1,187
1 BR / 1 BA	52	18.8	51	98.1%	917	\$1,234	\$1,235
1 BR / 1 BA	8	2.9	8	100.0%	821	\$1,084	\$1,073
2 BR / 1 BA	8	2.9	6	75.0%	1,097	\$1,377	\$1,351
2 BR / 1 BA	52	18.8	48	92.3%	1,149	\$1,373	\$1,344
2 BR / 2 BA	26	9.4	20	76.9%	1,327	\$1,576	\$1,515
2 BR / 2 BA	26	9.4	23	88.5%	1,458	\$1,546	\$1,500
2 BR / 2 BA	4	1.4	4	100.0%	985	\$1,282	\$1,254
2 BR / 2 BA	4	1.4	4	100.0%	1,107	\$1,242	\$1,235
3 BR / 2 BA	26	9.4	26	100.0%	1,447	\$1,645	\$1,660
3 BR / 2 BA	26	9.4	26	100.0%	1,523	\$1,705	\$1,649
<b>Total / Wtd. Average</b>	<b>276</b>	<b>100.0%</b>	<b>256</b>	<b>92.8%</b>	<b>1,135</b>	<b>\$1,385</b>	<b>\$1,364</b>

(1) Based on the rent roll dated June 4, 2015 provided by the borrower.

## Waterstone Apartments

Operating History and Underwritten Net Cash Flow						
	2013	2014	TTM <sup>(1)</sup>	Underwritten	Per Unit	% <sup>(2)</sup>
Rents in Place <sup>(3)</sup>	\$3,710,765	\$4,234,565	\$4,281,176	\$4,191,689	\$15,187	92.6%
Vacant Income	628,026	223,123	247,134	337,310	1,222	7.4
<b>Gross Potential Rent</b>	<b>\$4,338,791</b>	<b>\$4,457,688</b>	<b>\$4,528,311</b>	<b>\$4,528,998</b>	<b>\$16,409</b>	<b>100.0%</b>
Total Reimbursements	0	0	0	0	0	0.0
<b>Net Rental Income</b>	<b>\$4,338,791</b>	<b>\$4,457,688</b>	<b>\$4,528,311</b>	<b>\$4,528,998</b>	<b>\$16,409</b>	<b>100.0%</b>
(Vacancy/Credit Loss)	(800,583)	(284,479)	(325,566)	(306,173)	(1,109)	(6.8)
Other Income <sup>(4)</sup>	177,578	175,091	167,725	167,725	608	3.7
<b>Effective Gross Income</b>	<b>\$3,715,786</b>	<b>\$4,348,300</b>	<b>\$4,370,469</b>	<b>\$4,390,551</b>	<b>\$15,908</b>	<b>96.9%</b>
<b>Total Expenses</b>	<b>\$1,631,566</b>	<b>\$1,836,260</b>	<b>\$1,836,732</b>	<b>\$1,968,233</b>	<b>\$7,131</b>	<b>44.8%</b>
<b>Net Operating Income</b>	<b>\$2,084,220</b>	<b>\$2,512,039</b>	<b>\$2,533,737</b>	<b>\$2,422,317</b>	<b>\$8,777</b>	<b>55.2%</b>
Replacement Reserves	0	0	0	65,136	236	1.5
<b>Net Cash Flow</b>	<b>\$2,084,220</b>	<b>\$2,512,039</b>	<b>\$2,533,737</b>	<b>\$2,357,181</b>	<b>\$8,541</b>	<b>53.7%</b>
<b>Occupancy<sup>(5)</sup></b>	<b>94.6%</b>	<b>94.6%</b>	<b>92.8%</b>	<b>93.2%</b>		

(1) TTM column represents the trailing 12-month period ending on July 31, 2015.

(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) The increase from 2013 Rents in Place to 2014 Rents in Place is primarily due to the decrease in economic vacancy from 2013 to 2014, when the property reached stabilization.

(4) Other Income represents pet rent, application fees, admin fees, late fees and other miscellaneous fees.

(5) Historical Occupancies are as of December 31 of each respective year. TTM Occupancy is as of June 4, 2015. Underwritten Occupancy represents economic occupancy.

**Permitted Mezzanine Debt.** The loan agreement permits future mezzanine financing secured by the ownership interests in the borrower upon certain terms and conditions which include, without limitation, that: (i) no event of default has occurred and is continuing, (ii) the aggregate combined loan-to-value ratio does not exceed 72.0%, (iii) the debt service coverage ratio, as calculated in the loan documents for the trailing 12-month period (provided that net operating income will be calculated by annualizing the trailing three-month period) and assuming debt service for the mezzanine loan, is not less than 1.20x, (iv) the maturity date of the mezzanine loan may not be earlier than the maturity date of the mortgage loan and (v) the lender of the mezzanine loan will enter into an acceptable intercreditor agreement.