

Legacy and Fox Haven Apartments Crossed Loans

Mortgage Loan Information

Mortgage Loan Seller:	SMF II
Original Principal Balance⁽¹⁾:	\$22,100,000
Cut-off Date Principal Balance⁽¹⁾:	\$22,100,000
% of Pool by IPB:	1.9%
Loan Purpose:	Refinance
Borrowers⁽²⁾:	Various
Sponsor:	Michael S. Marix
Interest Rate:	4.45700%
Note Date:	7/28/2014
Maturity Date:	8/6/2024
Interest-only Period:	36 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(27),Def(89),O(4)
Lockbox:	Springing
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Crossed Assets
Title:	Fee
Property Type - Subtype:	Multifamily – Garden
Net Rentable Area (Units):	340
Location:	Various, TX
Year Built / Renovated:	1984 / N/A
Occupancy:	97.6%
Occupancy Date:	7/25/2014
Number of Tenants:	N/A
2011 NOI:	\$1,389,581
2012 NOI:	\$1,757,440
2013 NOI:	\$1,882,516
TTM NOI (as of 6/2014):	\$1,933,339
UW Economic Occupancy:	91.8%
UW Revenues:	\$3,651,878
UW Expenses:	\$1,754,752
UW NOI:	\$1,897,126
UW NCF:	\$1,809,471
Appraised Value / Per Unit:	\$29,770,000 / \$87,559
Appraisal Date:	6/23/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$245,471	\$27,275	N/A
Insurance:	\$25,160	\$8,387	N/A
Replacement Reserves:	\$0	\$7,304	N/A
TI/LC:	\$0	\$0	N/A
Other⁽³⁾:	\$421,740	\$25,800	\$400,000

Financial Information⁽¹⁾

Cut-off Date Loan / Unit:	\$65,000
Maturity Date Loan / Unit:	\$56,843
Cut-off Date LTV:	74.2%
Maturity Date LTV:	64.9%
UW NCF DSCR:	1.35x
UW NOI Debt Yield:	8.6%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$22,100,000	99.4%	Payoff Existing Debt	\$17,202,260	77.4%
Sponsor Equity	125,721	0.6	Closing Costs	4,331,090	19.5
			Upfront Reserves	692,370	3.1
Total Sources	\$22,225,721	100.0%	Total Uses	\$22,225,721	100.0%

(1) Legacy and Fox Haven Apartments Crossed Loans represent the aggregate amount of two cross-collateralized and cross-defaulted loans. The collateral information and Financial Information presented above reflect the Cut-off Date balance of the \$22.1 million cross-collateralized and cross-defaulted loans.

(2) The borrowers are Cornerstone Legacy, LP and Cornerstone Fox Haven, LP.

(3) The Initial Other Escrows and Reserves represent \$261,740 for a deferred maintenance reserve, an upfront \$80,000 cash holdback related to Legacy Apartments and an upfront \$80,000 cash holdback related to Fox Haven Apartments. Monthly Other Escrows and Reserves represent deposits of \$19,600 (capped at \$287,000) and \$6,200 (capped at \$113,000) into a liquidity reserve for Legacy Apartments and Fox Haven Apartments, respectively. The \$80,000 cash holdback related to Legacy Apartments will be released to the borrowers if the following criteria are satisfied: (i) no event of default under the Legacy Apartments loan exists; (ii) the guarantor provides the lender proof of discharge from bankruptcy, which was obtained in August 2014; and (iii) a final decree has been issued closing the bankruptcy proceeding of the guarantor. The \$80,000 cash holdback related to Fox Haven Apartments will be released to the borrowers if the following criteria are satisfied: (i) no event of default under the Fox Haven Apartments loan exists; (ii) the guarantor provides lender proof of discharge from bankruptcy, which was obtained in August 2014; and (iii) a final decree has been issued closing the bankruptcy proceeding of the guarantor. See “—Description of the Mortgage Pool – Default History, Bankruptcy Issues and Other Proceedings” in the Prospectus Supplement.

Legacy and Fox Haven Apartments Crossed Loans

The Loans. The Legacy Apartments and Fox Haven Apartments loans (together, the “Legacy and Fox Haven Apartments Crossed Loans”) are two cross-collateralized and cross-defaulted loans with outstanding balances of \$16.7 million and \$5.4 million, respectively, and are secured by first mortgage liens on multifamily properties consisting of 340 units located in Plano and Frisco, Texas. The Legacy and Fox Haven Apartments Crossed Loans each have a 10-year term and, subsequent to a three-year interest-only period, each will amortize on a 30-year schedule. The previously existing debt on the Legacy Apartments property was securitized in CSMC 2006-C5. The previously existing debt on the Fox Haven Apartments property was securitized in CSMC 2006-C2. The loan sponsor and non-recourse carveout guarantor is Michael S. Marix. Michael S. Marix has been specializing in single- and multifamily commercial real estate for over 40 years. Michael S. Marix currently owns or holds interest in seven apartment complexes containing 1,600 units through a joint venture with Empire West Development Company.

The Properties. Legacy Apartments is a 244-unit, Class B+ multifamily property located in Plano, Texas. The property consists of 41 one- and two-story apartment buildings that were built in 1984. Occupancy as of July 25, 2014 was 96.7%. The property is approximately 23 miles north of Dallas. The property has undergone approximately \$237,000 in capital improvements and upgrades since 2013 and further improvements in the approximate amount of \$916,000 are planned over the next 18 months. The property also has 564 parking spaces resulting in a parking ratio of 2.31 spaces per unit.

Fox Haven Apartments is a 96-unit, Class B+ multifamily property located in Frisco, Texas. The property consists of six, two-story apartment buildings that were built in 1984. Occupancy as of July 25, 2014 was 100.0%. The property is approximately 27 miles north of Dallas. Due in part to a change in management companies in March 2011, revenue increased 36% from 2011 to the trailing twelve month period ending in June 2014. The property also has 193 parking spaces resulting in a parking ratio of 2.01 spaces per unit.

The Market. Both properties are located within the Dallas apartment market. The market had a 5.5% vacancy rate as of the first quarter of 2014. Dallas market vacancy ranged from 4.8% to 5.6% since the second quarter of 2012. The properties are located in the Plano/Allen/McKinney submarket. The Plano/Allen/McKinney submarket had a 5.1% vacancy rate as of the first quarter of 2014 and ranged from 4.3% to 5.2% since the second quarter of 2012. According to the appraisal, the current population within a one- and three-mile radius of Legacy Apartments is 18,223 and 136,780, respectively. Additionally, the median household income within a one- and three-mile radius of Legacy Apartments is \$92,946 and \$95,945, respectively. According to the appraisal, the current population within a one- and three-mile radius of Fox Haven Apartments is 9,012 and 77,144, respectively. The median household income within a one- and three-mile radius of Fox Haven Apartments is \$64,508 and \$96,828, respectively. As of the first quarter of 2014, the Plano/Allen/McKinney multifamily submarket had 49,077 units, according to a market research report. Legacy Apartments’ comparable market rent for one bedroom units ranges from \$774 to \$1,115 per month. Legacy Apartments’ comparable market rent for two bedroom units ranges from \$914 to \$1,390 per month. Legacy Apartments’ comparable market rent for three bedroom units is \$1,400 per month. Fox Haven Apartments’ comparable market rent for one bedroom units ranges from \$670 to \$1,120 per month. Fox Haven Apartments’ comparable market rent for two bedroom units ranges from \$830 to \$1,400 per month.

Legacy Apartments Unit Mix ⁽¹⁾							
Unit Type	# of Units	% of Total	Occupied Units	Occupancy	Average Unit Size (SF)	Monthly Market Rent	Monthly In-Place Rents
1 BR / 1 BA	46	18.9%	45	97.8%	654	\$780	\$741
1 BR / 1 BA	50	20.5	45	90.0%	766	\$873	\$781
2 BR / 1 BA	68	27.9	67	98.5%	877	\$926	\$851
2 BR / 2 BA	60	24.6	59	98.3%	1,019	\$1,195	\$976
3 BR / 2 BA	20	8.2	20	100.0%	1,260	\$1,400	\$1,315
Total / Wtd. Average	244	100.0%	236	96.7%	879	\$993	\$885

(1) Based on the property rent roll dated July 25, 2014 and vacant units grossed up to market rent per the appraisal.

Fox Haven Apartments Unit Mix ⁽¹⁾							
Unit Type	# of Units	% of Total	Occupied Units	Occupancy	Average Unit Size (SF)	Monthly Market Rent	Monthly In-Place Rents
1 BR / 1 BA	1	1.0%	1	100.0%	598	\$670	\$710
2 BR / 2 BA	95	99.0	95	100.0%	900	\$830	\$771
Total / Wtd. Average	96	100.0%	96	100.0%	897	\$828	\$770

(1) Based on the property rent roll dated July 25, 2014 and vacant units grossed up to market rent per the appraisal.

Legacy and Fox Haven Apartments Crossed Loans

Operating History and Underwritten Net Cash Flow							
	2011	2012	2013	TTM ⁽¹⁾	Underwritten	Per Unit	% ⁽²⁾
Rents in Place	\$2,728,338	\$2,962,041	\$3,188,139	\$3,282,289	\$3,282,289	\$9,654	91.8%
Vacant Income	0	0	0	0	294,107	865	8.2
Gross Potential Rent	\$2,728,338	\$2,962,041	\$3,188,139	\$3,282,289	\$3,576,396	\$10,519	100.0%
Total Reimbursements	0	0	0	0	0	0	0.0
Net Rental Income	\$2,728,338	\$2,962,041	\$3,188,139	\$3,282,289	\$3,576,396	\$10,519	100.0%
(Vacancy/Credit Loss)	0	0	0	0	(294,107)	(865)	(8.2)
Other Income ⁽³⁾	301,434	348,268	371,985	369,589	369,589	1,087	10.3
Effective Gross Income	\$3,029,772	\$3,310,309	\$3,560,124	\$3,651,878	\$3,651,878	\$10,741	102.1%
Total Expenses	\$1,640,191	\$1,552,869	\$1,677,608	\$1,718,539	\$1,754,752	\$5,161	48.1%
Net Operating Income	\$1,389,581	\$1,757,440	\$1,882,516	\$1,933,339	\$1,897,126	\$5,580	51.9%
Total Capex/RR	0	0	0	0	87,655	258	2.4
Net Cash Flow	\$1,389,581	\$1,757,440	\$1,882,516	\$1,933,339	\$1,809,471	\$5,322	49.5%
Occupancy⁽⁴⁾	96.6%	98.4%	96.1%	97.6%	91.8%		

(1) TTM column represents the trailing twelve month period ending on June 30, 2014.

(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) Other Income represents water reimbursement, trash reimbursement, late charges and application fees.

(4) TTM Occupancy represents occupancy as of July 25, 2014.