

## Mortgage Loan No. 13 — The Heights II

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	Column
<b>Original Principal Balance:</b>	\$17,350,000
<b>Cut-off Date Principal Balance:</b>	\$17,350,000
<b>% of Pool by IPB:</b>	2.3%
<b>Loan Purpose:</b>	Refinance
<b>Borrower:</b>	University Heights II San Marcos Apartments, DST
<b>Sponsor:</b>	Capital Square Realty Advisors, LLC
<b>Interest Rate:</b>	4.8520%
<b>Note Date:</b>	2/11/2016
<b>Maturity Date:</b>	3/6/2026
<b>Interest-only Period:</b>	24 months
<b>Original Term:</b>	120 months
<b>Original Amortization:</b>	360 months
<b>Amortization Type:</b>	IO-Balloon
<b>Call Protection:</b>	L(32),Def(84),O(4)
<b>Lockbox:</b>	Soft
<b>Additional Debt:</b>	No
<b>Additional Debt Balance:</b>	N/A
<b>Additional Debt Type:</b>	N/A
<b>Additional Future Debt Permitted:</b>	No

### Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype:</b>	Multifamily – Student Housing
<b>Net Rentable Area (Beds):</b>	672
<b>Location:</b>	San Marcos, TX
<b>Year Built / Renovated:</b>	2005 / 2015
<b>Occupancy:</b>	97.2%
<b>Occupancy Date:</b>	10/10/2016
<b>Number of Tenants:</b>	N/A
<b>2014 NOI:</b>	\$1,949,974
<b>2015 NOI:</b>	\$1,474,211
<b>TTM NOI<sup>(1)</sup>:</b>	\$1,651,335
<b>UW Economic Occupancy:</b>	95.0%
<b>UW Revenues:</b>	\$4,020,149
<b>UW Expenses:</b>	\$2,231,489
<b>UW NOI<sup>(2)</sup>:</b>	\$1,788,660
<b>UW NCF:</b>	\$1,728,180
<b>Appraised Value / Per Bed:</b>	\$28,730,000 / \$42,753
<b>Appraisal Date:</b>	9/14/2016

### Escrows and Reserves

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$95,068	\$47,534	N/A
<b>Insurance:</b>	\$110,833	\$11,083	N/A
<b>Replacement Reserves:</b>	\$5,000	\$5,000	N/A
<b>Engineering Reserve:</b>	\$6,250	N/A	N/A

### Financial Information

<b>Cut-off Date Loan / Bed:</b>	\$25,818
<b>Maturity Date Loan / Bed:</b>	\$22,258
<b>Cut-off Date LTV:</b>	60.4%
<b>Maturity Date LTV:</b>	52.1%
<b>UW NCF DSCR:</b>	1.57x
<b>UW NOI Debt Yield:</b>	10.3%

### Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$17,350,000	100.0%
<b>Total Sources</b>	<b>\$17,350,000</b>	<b>100.0%</b>

Uses	Proceeds	% of Total
Loan Payoff	\$16,145,448	93.1%
Closing Costs	976,529	5.6
Upfront Reserves	217,151	1.3
Return of Equity	10,871	0.1
<b>Total Uses</b>	<b>\$17,350,000</b>	<b>100.0%</b>

(1) Represents trailing twelve months ending June 30, 2016.

(2) UW NOI exceeds TTM NOI mainly due to underwriting the in-place rent roll, as well as pre-leasing for the coming year which reflects higher signed rents and a decrease in real estate taxes based on the most recent assessment.

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**The Loan.** The Heights II loan is a \$17.35 million first mortgage loan secured by the fee interest in a 240-unit, 672-bed student housing property located in San Marcos, Texas near Texas State University. The loan has a 10-year term and will amortize on a 30-year schedule after a two-year interest-only period.

**The Borrower.** The borrowing entity for the loan is University Heights II San Marcos Apartments, DST, a Delaware statutory trust and special purpose entity.

**The Sponsor.** The loan's sponsor and nonrecourse carve-out guarantor is Capital Square Realty Advisors, LLC. Capital Square Realty Advisors, LLC specializes in the creation and management of commercial real estate investment programs for Section 1031 tax-deferred exchange investors and cash (non-1031) investors using the Delaware Statutory Trust structure. Louis J. Rogers, founder and chief executive officer of Capital Square Realty Advisors, LLC has been involved in the creation and management of more than 100 investment offerings totaling over \$3 billion, including tenant-in-common, DST and multiple publicly registered non-traded real estate investment trusts.

**The Property.** The property, known as The Heights II, is a 240-unit, 672-bed, off-campus, Class-A student housing property located in San Marcos, Texas. The property is located approximately two miles from the Texas State University campus and is located on the University shuttle bus system, with its own stop, which travels frequently to and from the university campus. The property was built in 2005 and is situated on approximately 17.8 acres. Amenities at the property include a resort style pool and hot tub, outdoor lounge with a fireplace, BBQ grilling area, sand volleyball court, study rooms, clubroom with games, kitchen, cyber lounge and media room, fitness center and tanning booths. As of October 10, 2016, the property was 97.2% leased.

The property contains 96 four-bedroom units (40.0%), 72 two-bedroom units (30.0%), 36 three-bedroom units (15.0%) and 36 one-bedroom units (15.0%). One-bedroom, two-bedroom, three-bedroom and four-bedroom units have approximately 554 SF, 816 SF, 1,089 SF and 1,364 SF, respectively. Units feature individual bedrooms and bathrooms, faux wood flooring, cable with HBO, fully equipped kitchens with black GE appliances, patios & balconies, and washer & dryers.

Texas State University has over 30,000 students and according to the appraisal has one of the highest levels of enrollment growth in the state. According to the appraisal there are no competitive projects expected to be built and the only new on-campus student housing facility planned is a 598-bed facility called Moore Street Housing. The Moore Street Housing complex opened for the 2016/17 school year and includes two dorms, Angelina Hall (280 beds) and San Gabriel Hall (318 beds) along with common amenities.

### Multifamily Unit Mix <sup>(1)</sup>

Unit Type	No. of Beds	% of Total	Occupied Beds	Occupancy	Average Unit Size (SF)	Average Monthly Rental Rate <sup>(2)</sup>	Average Monthly Rental Rate PSF	Monthly Market Rental Rate <sup>(2)(3)</sup>	Monthly Market Rental Rate PSF <sup>(3)</sup>
One Bedroom, One Bath	36	5.4%	36	100.0%	554	\$876	\$1.58	\$900	\$1.62
Two Bedroom, Two Bath	144	21.4	139	96.5%	816	\$577	\$1.42	\$550	\$1.35
Three Bedroom, Three Bath	108	16.1	103	95.4%	1,089	\$528	\$1.46	\$533	\$1.47
Four Bedroom, Four Bath	384	57.1	375	97.7%	1,364	\$475	\$1.39	\$475	\$1.39
<b>Total/Wtd. Avg.</b>	<b>672</b>	<b>100.0%</b>	<b>653</b>	<b>97.2%</b>	<b>1,037</b>	<b>\$527</b>	<b>\$1.42</b>	<b>\$523</b>	<b>\$1.41</b>

(1) Based on the underwritten rent roll dated October 10, 2016.

(2) Numbers are per bed.

(3) Based on the Appraisal.

**The Market.** The property is located in suburban San Marcos, Texas in the Austin Metropolitan Statistical Area. San Marcos is situated approximately 26 miles south of the Austin central business district. San Marcos is located in the center of the Austin-San Antonio corridor on Interstate 35, the central avenue for trade between Canada, the U.S. and Mexico, and it is less than a thirty-minute drive from Interstate Highway 10, the transportation link between the east and west coast of the U.S. Texas State University ("TSU") is the primary economic generator and a state supported public university that offers 114 undergraduate, 81

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graduate, and five PhD programs. TSU's main campus is in San Marcos. Land uses within the subject neighborhood include a combination of commercial and residential developments, with residential uses comprising 50% to 60% of the land uses in the San Marcos area. The remaining land uses consist of a mixture of commercial uses, including Texas State University, numerous apartment properties, and various retail properties.

Primary access to the subject neighborhood is provided by IH-35. The 2015 population within a one-, three- and five-mile radius was 6,654, 30,206, 59,571, while the 2015 average household income within the same radii was \$35,765, \$34,954, and \$44,447.

### Competitive Set Summary<sup>(1)</sup>

Property	Location	Year Built	No. of Units	Avg. Unit Size (SF)	Avg. \$/ Unit	Occupancy
<b>The Heights II</b>	<b>San Marcos, TX</b>	<b>2005</b>	<b>240</b>	<b>1,037</b>	<b>\$1,379<sup>(2)</sup></b>	<b>97%<sup>(2)</sup></b>
Copper Beach	San Marcos, TX	2011	415	1,728	\$1,782	97%
The Grove	San Marcos, TX	2009	76	1,034	\$1,224	97%
Village on Telluride	San Marcos, TX	2011	385	1,775	\$1,858	99%
Sanctuary Lofts	San Marcos, TX	2006	104	754	\$1,399	100%
Villagio	San Marcos, TX	2006	180	1,057	\$1,424	98%
The Edge	San Marcos, TX	1999	156	965	\$1,649	99%
<b>Total/Wtd. Avg.<sup>(3)</sup></b>			<b>1,316</b>	<b>1,442</b>	<b>\$1,677</b>	<b>98%</b>

(1) Source: Appraisal.

(2) Based on rent roll dated October 10, 2016.

(3) Excludes the subject property.

### Historical and Current Occupancy<sup>(1)</sup>

2013	2014	2015	Current <sup>(2)</sup>
94.8%	95.6%	93.9%	97.2%

(1) Source: Historical Occupancy is provided by the sponsor. Historical Occupancies are as of December 31 of each respective year.

(2) Based on the October 10, 2016 underwritten rent roll.

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### Operating History and Underwritten Net Cash Flow

	2014	2015	TTM <sup>(1)</sup>	Underwritten <sup>(2)</sup>	Per Bed	% <sup>(3)</sup>
Rents in Place <sup>(4)</sup>	\$3,951,344	\$3,883,386	\$3,938,002	\$4,125,728	\$6,139	100.0%
Vacant Income	0	0	0	0	0	0.0
<b>Gross Potential Rent</b>	<b>\$3,951,344</b>	<b>\$3,883,386</b>	<b>\$3,938,002</b>	<b>\$4,125,728</b>	<b>\$6,139</b>	<b>100.0%</b>
Total Reimbursements	0	0	0	0	0	0.0
<b>Net Rental Income</b>	<b>\$3,951,344</b>	<b>\$3,883,386</b>	<b>\$3,938,002</b>	<b>\$4,125,728</b>	<b>\$6,139</b>	<b>100.0%</b>
(Vacancy/Collection Loss)	(270,621)	(401,149)	(348,945)	(349,578)	(520)	(8.5)
Other Income	152,626	243,607	339,703	244,000	363	5.9
<b>Effective Gross Income</b>	<b>\$3,833,349</b>	<b>\$3,725,844</b>	<b>\$3,928,760</b>	<b>\$4,020,149</b>	<b>\$5,982</b>	<b>97.4%</b>
<b>Total Expenses</b>	<b>\$1,883,375</b>	<b>\$2,251,633</b>	<b>\$2,277,425</b>	<b>\$2,231,489</b>	<b>\$3,321</b>	<b>55.5%</b>
<b>Net Operating Income</b>	<b>\$1,949,974</b>	<b>\$1,474,211</b>	<b>\$1,651,335</b>	<b>\$1,788,660</b>	<b>\$2,662</b>	<b>44.5%</b>
Replacement Reserves	0	0	0	60,480	90	1.5
<b>Net Cash Flow</b>	<b>\$1,949,974</b>	<b>\$1,474,211</b>	<b>\$1,651,335</b>	<b>\$1,728,180</b>	<b>\$2,572</b>	<b>43.0%</b>

(1) The TTM column represents the trailing twelve-month ending June 30, 2016.

(2) Underwritten Net Operating Income exceeds TTM Net Operating Income mainly due to underwriting the in-place rent roll which has higher rents from the new leasing season.

(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) Rents in Place are based on the October 10, 2016 rent roll.