

SALE ANNOUNCEMENT

\$13,158,748 NON-PERFORMING LOAN RELATIONSHIP SALE

MEMORY CARE FACILITIES
KATY, TX AND PEARLAND, TX

INDICATIVE BID DATE: THURSDAY, OCTOBER 3, 2019

FINAL BID DATE: THURSDAY, OCTOBER 24, 2019



Sale:	\$13,158,748 Non-Performing Loan Relationship Sale
Collateral:	Memory Care Facilities
Location:	Katy, TX & Pearland, TX
Performance:	Non-Performing (Maturity Default)

Overview Summary

This Sale Announcement presents the sale of a non-performing loan secured by a memory care facility in Katy, TX and a non-performing loan secured by a memory care facility in Pearland, TX (the “Loan Sale” or “Asset Sale”) conducted exclusively by Mission Capital Advisors, LLC (“Mission” or “Loan Sale Advisor”) on behalf of an undisclosed seller (“Seller”).

Sale Structure

Mission has been retained as the exclusive Loan Sale Advisor to a community bank with a footprint in the southern United States for the sale of two loans related through their sponsor as follows: (i) a loan with an unpaid principal balance of \$7,503,290 and (ii) a loan with an unpaid principal balance of \$5,655,458 (the “Loans” “Assets” or “Loan Relationship”). The Loans are secured by two memory care facilities located in Katy, TX and Pearland, TX, respectively, (the “Properties”). The Loans are being offered on a sealed bid basis.

On behalf of the Seller, Mission is initially soliciting indicative bids from prospective bidders (the “Prospective Bidders”) for the purchase of the entire Loan Relationship pursuant to the Loan Sale timeline attached below.

Mission, in conjunction with the Seller, and at the sole and absolute discretion of the Seller, will then invite multiple bidders (the “Final Bidders”) to complete due diligence and submit non-contingent final bids for the Loans.

Asset Summaries					
Loan	UPB	Maturity	Collateral City, State	# Beds	Occ %
TX – 1	\$7,503,290	9/30/18	Katy, TX	46	67.4%
TX – 2	\$5,655,458	9/30/18	Pearland, TX	45	73.3%

Sale Highlights

The Loan Sale offers Prospective Bidders the opportunity to acquire non-performing Loans secured by two memory care facilities located in Katy, TX and Pearland, TX.

- The subject loans were originated to construct two memory care facilities located in Katy, TX and Pearland, TX.
- The Loans share a common sponsor and are cross-defaulted per a bankruptcy court order. The sponsor filed for bankruptcy along with the two SPEs represented in this sale.
- The Loans are both matured and were extended several times in the past. Slow lease up of the properties contributed to inadequate funds to cover debt service and obtain takeout financing. The borrower is currently not making payments.
- The Loans are secured by two 100% private pay memory care facilities located in Katy, TX and Pearland, TX.
- As of 2018, the Properties were reported to be in good condition with no deferred maintenance observed.
- Property and unit amenities include lobby/reception area, offices, beauty/barber shop, community kitchen, library, resident laundry room, living room, bathing facilities, activity room, and media room.

Loan Information							
Loan	Original Loan Amount	UPB	UPB Per Unit	Default Rate	Maturity	Payment Type	Performance
TX – 1	\$8,166,654.00	\$7,503,289.96	\$178,649.76	11.317%	9/30/18	P&I	Non-Performing
TX – 2	\$6,812,242.00	\$5,655,458.00	\$157,096.06	11.317%	9/30/18	P&I	Non-Performing

Collateral Information								
Loan	Property Type	City, State	Year Built/Renovated	SF (GBA)	# Units	# of Beds	Occupancy	Occupancy Date
TX – 1	Memory Care Facility	Katy, TX	2014	27,803	42	46	67.39%	6/1/19
TX – 2	Memory Care Facility	Pearland, TX	2011	25,380	36	45	73.33%	6/19/19

Loan Sale Process

Prospective Bidders are subject to qualification by Mission and/or Seller (qualification process will be initiated by Mission as deemed necessary). Access to the Due Diligence Materials will be provided to Prospective Bidders solely at the discretion of Mission and/or the Seller and may be withheld for any reason.

The Seller, in conjunction with Mission, have prepared a comprehensive array of due diligence data (the “Due Diligence Materials”), which will be made available to Prospective Bidders that have executed, and are subject to the terms of, the Confidentiality Agreement (the “Confidentiality Agreement”), which can be accessed on the transaction offering email or by visiting market.missioncap.com. Included in the Due Diligence Materials will be an Offering Memorandum for the Asset (the “Offering Memorandum”) prepared by Mission, comprehensive bidding instructions, the terms of sale and the Seller’s required form of Agreement for Sale and Purchase of the Loan (the “Loan Sale Agreement”).

Mission is soliciting non-contingent final bids for the Loans. Prospective Bidders are encouraged to complete final due diligence before submitting **non-contingent offers on the Final Bid Date** (the acceptance of which by Seller will require immediate execution of pre-negotiated Loan Sale Agreement by Prospective Bidder accompanied by a 10% non-refundable wire funds deposit).

Additional information will be provided to Bidders via Mission’s online due diligence site. Such information may include detailed loan documents, pay histories, environmental reports, litigation documents (if applicable), and financial statements, in both computer file and imaged formats.

Please e-sign or return an executed Confidentiality Agreement to nda@missioncap.com

All inquiries should be directed through Mission Capital. Neither the Seller, Borrower, Borrower affiliates or Guarantors are to be contacted. Investors are required to strictly adhere to the terms of the Confidentiality Agreement.

Loan Sale Agreement

The Seller will make its required form of Loan Sale Agreement available for review to Bidders. Pursuant to the Loan Sale Agreement, the Seller is selling its Loans subject only to those representations and warranties explicitly stated in the Loan Sale Agreement. No other representations or warranties, either expressed or implied, shall apply.

Contact Information

MISSION CAPITAL ADVISORS, LLC

Daniel O'Donnell*Managing Director*dodonnell@missioncap.com

214-912-6567

Jonathan Schwartz*Associate*jschwartz@missioncap.com

212 925 6692

Michael Britvan*Managing Director*mbritvan@missioncap.com

212 925 6692

Timber Erskine*Analyst*terskine@missioncap.com

212-925-6692

Loan Sale Timeline

The transaction contemplated herein has been scheduled as follows:

Event	Date
Sale Announcement Distributed	Thursday, September 12, 2019
Initial Data Distribution	Friday, September 13, 2019
Indicative Bid Date	Thursday, October 3, 2019
Acceptance of or Comments to LSA Due	Friday, October 11, 2019
Final Bid Date	Thursday, October 24, 2019
Winning Bidder Selected	Friday, October 25, 2019
10% Non-Refundable Deposit Due	Tuesday, October 29, 2019
Closing Date on or Before	Tuesday, November 5, 2019

Due diligence information can be found in the data room at market.missioncap.com

Disclaimer:

NO OBLIGATION TO SELL SHALL BE BINDING ON SELLER UNLESS AND UNTIL A WRITTEN CONTRACT OF SALE OR PURCHASE AND SALE AGREEMENT IS SIGNED AND DELIVERED BY SELLER. THE SELLER RESERVES THE RIGHT, AT ITS SOLE AND ABSOLUTE DISCRETION, TO WITHDRAW THE ASSETS FROM THE ASSET SALE, AT ANY TIME. THIS SALE ANNOUNCEMENT HAS BEEN PREPARED TO ASSIST THE RECIPIENT IN DECIDING WHETHER TO PROCEED WITH FURTHER INVESTIGATION OF THE ASSETS. WHILE THE INFORMATION INCLUDED HEREIN IS BELIEVED TO BE ACCURATE AND RELIABLE, SELLER, MISSION AND THEIR RESPECTIVE SUBSIDIARIES, AFFILIATES, AGENTS, ASSIGNEES, OFFICERS, TRUSTEES, DIRECTORS, SERVICERS AND EMPLOYEES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, INCLUDING BUT NOT LIMITED TO THE VALIDITY OR PRIORITY OF ANY LIENS AND THE VALUE OF ANY COLLATERAL. ONLY THOSE REPRESENTATIONS AND WARRANTIES THAT ARE MADE BY THE APPLICABLE SELLER TO A PROSPECTIVE BIDDER IN A DEFINITIVE, EXECUTED ASSET SALE AGREEMENT SHALL HAVE ANY LEGAL EFFECT.

NEW YORK

41 Madison Avenue
35th Floor
New York, NY 10010
Tel: 212-925-6692
Fax: 646-607-8132

CALIFORNIA

620 Newport Center Dr
Suite 680
Newport Beach, CA 92660
Tel: 949-706-3001
Fax: 646-607-8132

ALABAMA

118 North Royal Street
7th Floor
Mobile, AL 36602
Tel: 212-941-2269
Fax: 646-607-8132

FLORIDA

4741 Military Trail
Suite 202
Jupiter, FL 33458
Tel: 561-622-7022
Fax: 561-622-9959

TEXAS

1920 McKinney Avenue
7th Floor
Dallas, TX 75201
Tel: 469-333-8004
Fax: 512-327-0112