

SALE ANNOUNCEMENT

\$1,157,228 SUB-PERFORMING COMMERCIAL LOAN SALE

**LIMITED-SERVICE HOTEL (FLAGGED)
ERIE, PENNSYLVANIA**

INDICATIVE BID DATE: MONDAY, JANUARY 13, 2020

FINAL BID DATE: TUESDAY, FEBRUARY 4, 2020



Sale:	\$1,157,228 Sub-Performing Commercial Loan Sale
Collateral:	Limited-Service Hotel (Flagged)
Location:	Erie, Pennsylvania
Performance:	Sub-Performing (Historical Delinquencies)

Overview Summary

Mission Capital Advisors, LLC ("Mission" or "Loan Sale Advisor") is pleased to present the opportunity to acquire a \$1,157,228 sub-performing loan secured by a first lien Deed of Trust on a limited-service hotel located in Erie, Pennsylvania (the "Loan Sale" or Asset Sale"). The Loan Sale is being conducted on behalf of an undisclosed Seller ("Seller").

Sale Structure

Mission has been retained as the exclusive Loan Sale Advisor to the Seller for the sale of a sub-performing loan with a current unpaid principal balance of \$1,157,228 secured by a first-lien Deed of Trust on a limited-service hotel in Erie, Pennsylvania (the "Loan" or "Asset"). The Loan is 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 Loan pursuant to the Loan Sale timeline attached hereto.

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 Loan.

Sale Highlights

The Loan Sale offers Prospective Bidders the opportunity to acquire a sub-performing note secured by a first-lien Deed of Trust on a 97-key, limited-service, flagged Hotel located in Erie, Pennsylvania (the "Property" or "Hotel").

- The Loan offers an attractive variable interest rate of WSJ Prime + 100 bps (currently 5.75%) with a long-term maturity date of December 22, 2031.
- 2018 NOI of ~\$176,000 results in a current debt yield of 15.2%.
- The Loan is sub-performing due to historical late payments, most recently two in 2019.
- The Loan is full recourse with three individual guarantors.
- The limited-service Hotel features guest laundry, fitness room, business center, vending machines, breakfast room, and one public restroom.
- Three comparable trades of limited-service, flagged hotels over the past two years in Erie, PA sold for ~\$20,000, ~\$29,000, and ~\$49,000 per key, respectively – far in excess of current loan balance per key: of ~\$11,900.
- The subject loan was originated as an SBA 504 loan. The local Certified Development Company has a second lien on the Property.

Loan Sale Timeline

The transaction contemplated herein has been scheduled as follows:

Event	Date
Sale Announcement Distributed	Tuesday, December 17, 2019
Initial Data Distribution	Tuesday, December 17, 2019
Indicative Bid Date	Monday, January 13, 2020
Acceptance of or Comments to LSA Due	Wednesday, January 29, 2020
Best & Final Bid Date	Tuesday, February 4, 2020
Winning Bidder Selected	Wednesday, February 5, 2020
10% Non-Refundable Deposit Due	Thursday, February 6, 2020
Closing Date	Thursday, February 13, 2020

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 initially soliciting indicative bids for the Asset. Prospective Bidders are encouraged review the Due Diligence Materials and submit indicative bids in accordance with the proposed timeline.

After receipt of indicative bids, Mission, in conjunction with the Seller, will select Final Bidders 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 Loan 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. 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.

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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, IF ANY, THAT ARE MADE BY THE APPLICABLE SELLER TO A PROSPECTIVE BIDDER IN A DEFINITIVE, EXECUTED ASSET SALE AGREEMENT SHALL HAVE ANY LEGAL EFFECT.

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