

Offering Circular Supplement
(To Offering Circular
Dated June 1, 2010)

\$326,342,000
(Approximate)



Freddie Mac
Structured Pass-Through Certificates (SPCs)
Series K-S02

Offered Classes: Classes of SPCs shown below
Underlying Classes: Each Class of SPCs represents a pass-through interest in a separate class of securities issued by the Underlying Trust
Underlying Trust: FREMF 2014-KS02 Mortgage Trust
Mortgages: Floating-rate, balloon mortgages secured by assisted living and/or independent living facilities
Underlying Originators: Berkadia Commercial Mortgage LLC, CBRE Capital Markets, Inc., Greystone Servicing Corporation, Inc. and KeyBank National Association (successor to KeyCorp Real Estate Capital Markets, Inc.)
Underlying Seller: Freddie Mac
Underlying Depositor: Wells Fargo Commercial Mortgage Securities, Inc.
Underlying Master Servicer: Wells Fargo Bank, National Association
Underlying Special Servicer: Wells Fargo Bank, National Association
Underlying Trustee: U.S. Bank National Association
Underlying Certificate Administrator and Custodian: U.S. Bank National Association
Payment Dates: Monthly beginning in June 2014
Optional Termination: The SPCs are subject to a 1% clean-up call right and the Underlying Trust is subject to certain liquidation rights, each as described in this Supplement
Form of SPCs: Book-entry on DTC System
Offering Terms: The placement agents named below are offering the SPCs in negotiated transactions at varying prices
Closing Date: On or about May 23, 2014

Class	Original Principal Balance or Notional Amount(1)	Approximate Initial Credit Support	Class Coupon	CUSIP Number	Final Payment Date
A	\$326,342,000	15.000%	(2)	3137BAHP0	August 25, 2023
X	383,932,174	N/A	(2)	3137BAHQ8	August 25, 2023

(1) Approximate. May vary by up to 5%.
(2) See *Terms Sheet — Interest*.

The SPCs may not be suitable investments for you. You should not purchase SPCs unless you have carefully considered and are able to bear the associated prepayment, interest rate, yield and market risks of investing in them. *Certain Risk Considerations* on page S-2 highlights some of these risks.

You should purchase SPCs only if you have read and understood this Supplement, our Giant and Other Pass-Through Certificates Offering Circular dated June 1, 2010 (the “**Offering Circular**”) and the other documents identified under *Available Information*.

We guarantee certain principal and interest payments on the SPCs. These payments are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac. The SPCs are not tax-exempt. Because of applicable securities law exemptions, we have not registered the SPCs with any federal or state securities commission. No securities commission has reviewed this Supplement. We have not engaged any rating agency to rate the SPCs.

Lead Manager and Sole Bookrunner

Wells Fargo Securities

Co-Managers

BofA Merrill Lynch

J.P. Morgan

Mischler Financial Group, Inc.

May 13, 2014

CERTAIN RISK CONSIDERATIONS

Although we guarantee the payments on the SPCs, and so bear the associated credit risk, as an investor you will bear the other risks of owning mortgage securities. This section highlights some of these risks. You should also read *Risk Factors* and *Prepayment, Yield and Suitability Considerations* in the Offering Circular and *Risk Factors* in the Information Circular for further discussions of these risks.

SPCs May Not be Suitable Investments for You. The SPCs are complex securities. You should not purchase SPCs unless you are able to understand and bear the associated prepayment, basis, redemption, interest rate, yield and market risks.

Prepayments Can Reduce Your Yield. Your yield could be lower than you expect if:

- You buy A at a premium over its principal balance, or if you buy X, and prepayments on the underlying Mortgages are faster than you expect.
- You buy A at a discount to its principal balance and prepayments on the underlying Mortgages are slower than you expect.

Rapid prepayments on the Mortgages, especially those with relatively high interest rate margins over LIBOR, would reduce the yields on A and X, and because X is an Interest Only Class could even result in the failure of investors in that Class to recover their investment.

If the holders of a majority interest in X (initially expected to be Freddie Mac) direct waivers of the borrowers' obligations to pay **Static Prepayment Premiums** in connection with prepayments of Mortgages, the borrowers would have an incentive to prepay their Mortgages, which could result in the Mortgages experiencing a higher than expected rate of prepayments. See *Payments — Static Prepayment Premiums* in this Supplement and *Risk Factors — Risks Related to the Underlying Mortgages — The Underlying Mortgage Loans May Experience a Higher Than Expected Rate of Prepayment Due to the Right of a Majority of Holders of Class X Certificates to Cause the Waiver of Static Prepayment Premiums* in the Information Circular.

LIBOR Levels Can Reduce Your Yield. Your yield could be lower than you expect if **LIBOR** levels are lower than you expect.

The SPCs are Subject to Basis Risk. The Class Coupon of A is subject to a cap based on, and the Class Coupon of X is based on, the **Weighted Average Net Mortgage Pass-Through Rate**. As a result, the SPCs will be subject to basis risk, which may reduce their yields.

The SPCs are Subject to Redemption Risk. If the Underlying Trust is terminated or the SPCs are redeemed, the effect on the SPCs will be similar to a full prepayment of all the Mortgages.

The SPCs are Subject to Market Risks. You will bear all of the market risks of your investment. The market value of your SPCs will vary over time, primarily in response to changes in prevailing interest rate margins over LIBOR. If you sell your SPCs when their market value is low, you may experience significant losses. The placement agents named on the front cover (the **“Placement Agents”**) intend to deliver the SPCs on our behalf to third party purchasers; however, if the SPCs are not placed with third parties, they will be resold to us by the Placement Agents.

The SPCs Will Not Be Rated. The SPCs will not be rated by any **NRSRO** (unless an NRSRO issues an unsolicited rating), which may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, the SPCs.

Payments of Additional Interest Distribution Amounts will Reduce the Yield of X. The yield of X will be reduced to the extent that **Additional Interest Distribution Amounts** are required to be paid to the **series 2014-KS02 class B or class C certificates** from amounts otherwise payable to the **series 2014-KS02 class X certificates**. See *Description of the Series 2014-KS02 Certificates — Distributions — Interest Distributions* in the Information Circular.

TERMS SHEET

This Terms Sheet contains selected information about this Series. You should refer to the remainder of this Supplement and to the Offering Circular and the attached Information Circular for further information.

The Offering Circular defines many of the terms we use in this Supplement. The Underlying Depositor's Information Circular dated the same date as this Supplement (the "**Information Circular**"), attached to this Supplement, defines terms that appear in **bold type** on their first use and are not defined in this Supplement or the Offering Circular.

In this Supplement, we sometimes refer to Classes of SPCs only by their letter designation. For example, "A" refers to the A Class of this Series.

General

Each Class of SPCs represents the entire undivided interest in a separate pass-through pool. Each pass-through pool consists of a class of securities (each, an "**Underlying Class**") issued by the Underlying Trust. Each Underlying Class has the same designation as its corresponding Class of SPCs. Each Mortgage is a floating-rate, balloon mortgage loan secured by an assisted and/or independent living facility that provides for (1) an amortization schedule that is significantly longer than its remaining term to stated maturity or no amortization prior to stated maturity; and (2) in either case, a substantial payment of principal on its maturity date.

In addition to the Underlying Classes, the Underlying Trust is issuing three other classes of securities: the **series 2014-KS02 class B, class C and class R certificates**.

Interest

A will bear interest at a Class Coupon equal to the lesser of:

- LIBOR plus 0.3800%; and
- The Weighted Average Net Mortgage Pass-Through Rate minus the **Guarantee Fee Rate**.

X will bear interest at a Class Coupon equal to the interest rate of its Underlying Class, which is equal to the weighted average of the **Class X Strip Rates**, as described in the Information Circular. The interest payable to X on any Payment Date will be reduced by the amount of any Additional Interest Distribution Amounts distributed to the series 2014-KS02 class B and C certificates on the related Payment Date as described under *Description of the Series 2014-KS02 Certificates — Distributions — Interest Distributions* in the Information Circular.

Accordingly, the Class Coupons of A and X will vary from month to month. The initial Class Coupon of A is approximately 0.5305% per annum, based on LIBOR for first **Interest Accrual Period** of 0.1505%. The initial Class Coupon of X is approximately 0.5154% after giving effect to any payments of Additional Interest Distribution Amounts.

See *Payments — Interest* in this Supplement and *Description of the Series 2014-KS02 Certificates — Distributions — Interest Distributions* in the Information Circular.

Interest Only (Notional) Class

X does not receive principal payments. To calculate interest payments, X has a notional amount equal to the sum of the then-current principal balance of Underlying Class A and the then-current principal balances of the series 2014-KS02 class B and class C certificates.

Principal

On each Payment Date, we pay principal on A in an amount equal to the principal, if any, required to be paid on that Payment Date on Underlying Class A.

See *Payments — Principal* and *Prepayment and Yield Analysis* in this Supplement and *Description of the Series 2014-KS02 Certificates — Distributions — Principal Distributions* in the Information Circular.

Static Prepayment Premiums

Any **Static Prepayment Premium** collected in respect of any of the Mortgages will be distributed as additional interest on Underlying Class X, as described under *Description of the Series 2014-KS02 Certificates — Distributions — Distributions of Static Prepayment Premiums* in the Information Circular. Any such additional interest on Underlying Class X will be passed through to X.

Our guarantee does not cover the payment of any Static Prepayment Premiums or any other prepayment premiums related to the Mortgages.

Holders representing a majority interest in X will have the right, in their sole discretion, to direct the Underlying Master Servicer or the Underlying Special Servicer, as applicable, to waive any obligation of the related borrower to pay a Static Prepayment Premium in connection with any prepayment of a Mortgage. Freddie Mac is expected to be the initial holder of X. We may be more likely to direct a waiver of a Static Prepayment Premium for a Mortgage in certain circumstances, such as if the prepayment will be made in connection with a refinancing of such Mortgage that meets certain conditions. See *Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Prepayment Provisions* in the Information Circular.

Federal Income Taxes

If you own a Class of SPCs, you will be treated for federal income tax purposes as owning an undivided interest in the related Underlying Class. Underlying Class A represents ownership in a REMIC “regular interest”. Underlying Class X represents ownership in a REMIC “regular interest” and the obligation to pay Additional Interest Distribution Amounts.

See *Certain Federal Income Tax Consequences* in this Supplement, in the Offering Circular and in the Information Circular.

Weighted Average Lives

The Information Circular shows the weighted average lives and declining principal balances for Underlying Class A and the weighted average lives and pre-tax yields for Underlying Class X. The weighted average lives, declining principal balances and pre-tax yields, as applicable, for each Class of

SPCs would be the same as those shown in the Information Circular for its corresponding Underlying Class, based on the assumptions described in the Information Circular. These assumptions are likely to differ from actual experience in many cases.

See *Yield and Maturity Considerations — Weighted Average Lives of the Offered Principal Balance Certificates — Yield Sensitivity of the Class X Certificates* and *Exhibits D and E* in the Information Circular.

AVAILABLE INFORMATION

You should purchase SPCs only if you have read and understood:

- This Supplement.
- The Offering Circular.
- The attached Information Circular.
- The Incorporated Documents listed under *Additional Information* in the Offering Circular.

This Supplement incorporates the Offering Circular, including the Incorporated Documents, by reference. When we incorporate documents by reference, that means we are disclosing information to you by referring to those documents rather than by providing you with separate copies. The Offering Circular, including the Incorporated Documents, is considered part of this Supplement. Information that we incorporate by reference will automatically update information in this Supplement. You should rely only on the most current information provided or incorporated by reference in this Supplement.

You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

You can obtain, without charge, copies of the Offering Circular, including the Incorporated Documents, any documents we subsequently file with the SEC, the Pass-Through Trust Agreement and current information concerning the SPCs, as well as the disclosure documents and current information for any other securities we issue, from:

Freddie Mac — Investor Inquiry
1551 Park Run Drive, Mailstop D50
McLean, Virginia 22102-3110
Telephone: 1-800-336-3672
((571) 382-4000 within the Washington, D.C. area)
E-mail: Investor_Inquiry@freddiemac.com

We also make these documents available on our internet website at this address:

Internet Website*: www.freddiemac.com

* We are providing this internet address solely for the information of investors. We do not intend this internet address to be an active link and we are not using references to this address to incorporate additional information into this Supplement, except as specifically stated in this Supplement.

You can also obtain the documents listed above from the Placement Agent named below at:

Wells Fargo Securities, LLC
Customer Service
MAC N9303-054
608 2nd Avenue South, Suite 500
Minneapolis, Minnesota 55479
US Callers: (800) 645-3751, option 5
International Callers: (612) 667-0900, option 5
WFSCustomerService@wellsfargo.com

The Underlying Depositor has prepared the Information Circular in connection with its sale of the Underlying Classes to us. The Underlying Depositor is responsible for the accuracy and completeness of the Information Circular, and we do not make any representations that it is accurate or complete.

GENERAL INFORMATION

Pass-Through Trust Agreement

We will form a trust fund to hold the Underlying Classes and to issue the SPCs, each pursuant to the Pass-Through Certificates Master Trust Agreement dated June 1, 2010 and a Terms Supplement dated the Closing Date (together, the “**Pass-Through Trust Agreement**”). We will act as Trustee and Administrator under the Pass-Through Trust Agreement.

You should refer to the Pass-Through Trust Agreement for a complete description of your rights and obligations and those of Freddie Mac. You will acquire your SPCs subject to the terms and conditions of the Pass-Through Trust Agreement, including the Terms Supplement.

Form of SPCs

The SPCs are issued, held and transferable on the DTC System. DTC or its nominee is the Holder of each Class. As an investor in SPCs, you are not the Holder. See *Description of Pass-Through Certificates — Form of Pass-Through Certificates, Holders and Payment Procedures* in the Offering Circular.

Denominations of SPCs

A will be issued, and may be held and transferred, in minimum original principal amounts of \$1,000 and additional increments of \$1. X will be issued, and may be held and transferred, in minimum original notional principal amounts of \$100,000 and additional increments of \$1.

Structure of Transaction

General

Each Class of SPCs represents the entire interest in a pass-through pool consisting of its corresponding Underlying Class. Each Underlying Class represents an interest in the Underlying Trust formed by the Underlying Depositor. The Underlying Trust consists primarily of the Mortgages described under *Description of the Underlying Mortgage Loans* in the Information Circular. Each

Class of SPCs receives the payments of principal and/or interest required to be made on its corresponding Underlying Class.

In addition to the Underlying Classes, the Underlying Trust is issuing three other classes, which are subordinate to Underlying Classes A and X to the extent described in the Information Circular. These additional classes will not be assets underlying the Classes of SPCs offered hereby. The pooling and servicing agreement for the Underlying Trust (the “**Pooling Agreement**”) governs the Underlying Classes and these additional classes.

Each Underlying Class will bear interest at the same rate, and at all times will have the same principal balance or notional amount, as its corresponding Class of SPCs. On the Closing Date, we will acquire the Underlying Classes from the Underlying Depositor. We will hold the Underlying Classes in certificated form on behalf of investors in the SPCs.

See *Appendix A — Transaction Summary* in this Supplement and *Description of Pass-Through Certificates — Structured Pass-Through Certificates* in the Offering Circular.

Credit Enhancement Features of the Underlying Trust

Underlying Classes A and X will have a payment priority over the subordinated classes issued by the Underlying Trust to the extent described in the Information Circular. Subordination is designed to provide the holders of those Underlying Classes with protection against most losses realized when the remaining unpaid amount on a Mortgage exceeds the amount of net proceeds recovered upon the liquidation of that Mortgage. In general, this is accomplished by allocating the Realized Losses among subordinated certificates as described in the Information Circular. See *Description of the Series 2014-KS02 Certificates — Distributions — Subordination* in the Information Circular.

Upon the occurrence and continuation of a **Waterfall Trigger Event**, Underlying Class A will receive all of the principal payments on the Mortgages until it is retired. Underlying Class A will also always receive the principal payments on certain **Specially Serviced Loans** until it is retired. Thereafter, the series 2014-KS02 class B and class C certificates, in that order, will be entitled to such principal payments. Because of losses on the Mortgages and/or default-related or other unanticipated expenses of the Underlying Trust, the total principal balance of the series 2014-KS02 class B and class C certificates could be reduced to zero at a time when Underlying Class A remains outstanding. See *Description of the Series 2014-KS02 Certificates — Distributions — Principal Distributions* and *— Priority of Distributions* in the Information Circular.

The Underlying Classes Will Not Be Rated

None of the Underlying Classes will be rated by an NRSRO (unless an NRSRO issues an unsolicited rating). See *Risk Factors — Risks Related to the Offered Certificates — The Certificates Will Not Be Rated* in the Information Circular.

The Mortgages

The Mortgages consist of 17 LIBOR-based floating-rate mortgage loans, secured by 17 assisted living and/or independent living facilities. Many of the properties contain a mix of both assisted living units and independent living units. The Mortgages have an **initial mortgage pool balance** of approximately \$383,932,175 as of May 1, 2014. All of the Mortgages are balloon mortgage loans with original terms to maturity of 60, 84 or 120 months. All of the Mortgages were originated between January 29, 2013 and February 5, 2014.

One Mortgage representing 4.8% of the initial mortgage pool balance does not provide for any amortization prior to the maturity date. Mortgages representing 39.0% of the initial mortgage pool balance provide for an interest only period of between 12 and 39 months following origination, followed by amortization for the balance of the loan term. See *Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Release of Property Through Prepayment* in the Information Circular.

All of the Mortgages permit the related borrower to prepay their Mortgage without payment of a Static Prepayment Premium on or after the 12th, 36th or 60th due date, as applicable, provided that such Mortgages are prepaid using the proceeds of a fixed-rate mortgage loan that is the subject of a binding purchase commitment between Freddie Mac and a Freddie Mac-approved “Program Plus” seller/servicer. See *Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Prepayment Provisions* in the Information Circular.

Appendix A — Transaction Summary in this Supplement and *Description of the Underlying Mortgage Loans* and *Exhibits A-1, A-2 and A-3* in the Information Circular further describe the Mortgages.

PAYMENTS

Payment Dates; Record Dates

We make payments of principal and interest on the SPCs on each Payment Date, beginning in June 2014. A “**Payment Date**” is the 25th of each month or, if the 25th is not a **Business Day**, the next Business Day.

On each Payment Date, DTC credits payments to the DTC Participants that were owners of record at the close of business on the last Business Day of the related Accrual Period.

Method of Payment

The Registrar makes payments to DTC in immediately available funds. DTC credits payments to the accounts of DTC Participants in accordance with its normal procedures. Each DTC Participant, and each other financial intermediary, is responsible for remitting payments to its customers.

Interest

General

We pay interest on each Payment Date on the SPCs. The SPCs bear interest as described under *Terms Sheet — Interest* in this Supplement.

Notwithstanding anything to the contrary set forth in the Offering Circular, we determine LIBOR using the ICE Method described below. Accordingly, any discussion in the Offering Circular relating to the “BBA’s Interest Settlement Rate” or the “Designated Reuters Page” does not apply to the SPCs, and you should instead rely on the information in the following two paragraphs.

We determine LIBOR using the rate, expressed as a percentage per annum, for one-month U.S. dollar deposits set by ICE Benchmark Administration Limited (“**ICE**”) as of 11:00 a.m. (London time) on the related **Adjustment Date** (the “**ICE Method**”). Rates determined by ICE are currently displayed on Bloomberg L.P.’s page “BBAM.” That page, or any other page that may replace BBAM

on that service or any other service authorized by ICE to display the rates it determines for deposits in U.S. dollars, is a “**Designated Page.**” Rates determined by ICE are currently rounded to five decimal places.

If LIBOR determined under the ICE Method does not appear on the Designated Page as of 11:00 a.m. (London time) on an Adjustment Date, or if the Designated Page is not then available, LIBOR for that date will be the most recently published LIBOR determined under the ICE Method. In the event that any other entity assumes the administration of LIBOR from ICE, LIBOR shall be determined, in our sole discretion, either (i) on the basis of the succeeding administrator’s LIBOR determination method, or (ii) by our designation of an alternative index that has performed, or that we expect to perform, in a manner substantially similar to the ICE Method. We will select an alternative index only if tax counsel advises us that the alternative index will not cause any affected Pass-Through Pools to lose their classification as grantor trusts. We can provide no assurance that any alternative LIBOR determination method or index will yield the same or similar economic results over the lives of the affected Classes of SPCs.

Accrual Period

The “**Accrual Period**” for each Payment Date is the period beginning on and including the 25th day of the month preceding the month in which such Payment Date occurs (or beginning on and including the Closing Date, in the case of the first Payment Date) and ending on and including the 24th day of the month in which such Payment Date occurs.

We calculate interest based on an Actual/360 Basis.

Principal

We pay principal on each Payment Date on A to the extent principal is payable on Underlying Class A. Investors receive principal payments on a *pro rata* basis among the SPCs of their Class.

See *Terms Sheet — Principal* in this Supplement and *Description of the Series 2014-KS02 Certificates — Priority of Distributions and — Distributions — Principal Distributions* in the Information Circular.

Static Prepayment Premiums

Any Static Prepayment Premium collected in respect of any of the Mortgages will be distributed as additional interest to Underlying Class X, as described under *Description of the Series 2014-KS02 Certificates — Distributions — Distributions of Static Prepayment Premiums* in the Information Circular. Any such additional interest on Underlying Class X will be passed through to X.

Our guarantee does not cover the payment of any Static Prepayment Premiums or any other prepayment premiums related to the Mortgages.

Holders representing a majority interest in X will have the right, in their sole discretion, to direct the Underlying Master Servicer or the Underlying Special Servicer, as applicable, to waive any obligation of the related borrower to pay a Static Prepayment Premium in connection with any prepayment of a Mortgage. Freddie Mac is expected to be the initial holder of X. We may be more likely to direct a waiver of a Static Prepayment Premium for a Mortgage in certain circumstances, such as if the prepayment will be made in connection with a refinancing of such Mortgage that meets certain conditions. See *Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Prepayment Provisions* in the Information Circular.

Class Factors

General

We make Class Factors for the Classes of SPCs available on or prior to each Payment Date. See *Description of Pass-Through Certificates — Payments — Class Factors* in the Offering Circular.

Use of Factors

You can calculate principal and interest payments by using the Class Factors.

For example, the reduction in the balance of a Class in February will equal its original balance times the difference between its January and February Class Factors. The amount of interest to be paid on a Class in February will equal interest at its Class Coupon, accrued during the related Accrual Period, on its balance determined by its January Class Factor.

Guarantees

We guarantee to each Holder of each Class of SPCs (a) the timely payment of interest at its Class Coupon; (b) the payment of principal on A, on or before the Payment Date immediately following the maturity date of each Mortgage (to the extent of principal on A that would have been payable from such Mortgage); (c) the reimbursement of any Realized Losses and any **Additional Issuing Entity Expenses** allocated to each Class of SPCs; and (d) the ultimate payment of principal on A by its Final Payment Date. Our guarantee does not cover any loss of yield on X due to payment of Additional Interest Distribution Amounts to the series 2014-KS02 class B and class C certificates or due to a reduction of X's notional amount due to a reduction of the principal balance of A or of the series 2014-KS02 class B or class C certificates, nor does it cover the payment of Static Prepayment Premiums or any other prepayment premiums related to the Mortgages or the payment of Additional Interest Distribution Amounts to the series 2014-KS02 class B and class C certificates. See *Description of Pass-Through Certificates — Guarantees* in the Offering Circular and *Description of the Series 2014-KS02 Certificates — Distributions — Freddie Mac Guarantee* in the Information Circular.

Optional Termination; Redemption

The holders of a majority of the percentage interest of the **Controlling Class** for the Underlying Trust (excluding Freddie Mac (as defined in the Information Circular)), the Underlying Special Servicer and the Underlying Master Servicer each will have the option, in a prescribed order, to purchase the Mortgages and other trust property and terminate the Underlying Trust on any Payment Date on which the total **Stated Principal Balance** of the Mortgages is less than 1% of the initial mortgage pool balance. In addition, after the principal balances of Underlying Class A and the series 2014-KS02 class B certificates have been reduced to zero, the **Sole Certificateholder** for the Underlying Trust (excluding Freddie Mac (as defined in the Information Circular)) will have the right, with the consent of the Underlying Master Servicer, to exchange all of its series 2014-KS02 certificates (other than the series 2014-KS02 class R certificates) for all of the Mortgages and the Underlying Trust's interest in each **REO Property** remaining in the Underlying Trust, resulting in the liquidation of the Underlying Trust. See *The Series 2014-KS02 Pooling and Servicing Agreement — Termination* in the Information Circular.

If a termination of the Underlying Trust occurs, A will receive its unpaid principal balance, if any, plus interest for the related Accrual Period. We will give notice of termination to Holders not later than

the fifth Business Day of the month in which the termination will occur, and each Class Factor we publish in that month will equal zero.

In addition, we will have the right to redeem the outstanding SPCs on any Payment Date when the remaining principal balance of A would be less than 1% of its original principal balance. We will give notice of any exercise of this right to Holders 30 to 60 days before the redemption date. We will pay a redemption price equal to the unpaid principal balance, if any, of each Class redeemed plus interest for the related Accrual Period.

PREPAYMENT AND YIELD ANALYSIS

Mortgage Prepayments

The rates of principal payments on the Classes will depend primarily on the rates of principal payments, including prepayments, on the related Mortgages. Each Mortgage may be prepaid, subject to certain restrictions and requirements, including one of the following:

- a prepayment lockout period, during which voluntary principal prepayments are prohibited, followed by a prepayment consideration period during which voluntary principal prepayments must be accompanied by a Static Prepayment Premium, followed by an open prepayment period prior to maturity during which voluntary principal prepayments may be made without payment of any prepayment consideration; or
- one or more prepayment consideration periods during which voluntary principal prepayments must be accompanied by a Static Prepayment Premium, followed by an open prepayment period prior to maturity during which voluntary principal prepayments may be made without payment of any prepayment consideration.

In addition, all of the Mortgages permit the related borrower to prepay their Mortgage without payment of a Static Prepayment Premium on or after the 12th, 36th or 60th due date, as applicable, provided that such Mortgages are prepaid using the proceeds of a fixed-rate mortgage loan that is the subject of a binding purchase commitment between Freddie Mac and a Freddie Mac-approved “Program Plus” seller/servicer. See *Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Prepayment Provisions* in the Information Circular. Mortgage prepayment rates may fluctuate continuously and, in some market conditions, substantially.

See *Prepayment, Yield and Suitability Considerations — Prepayments* in the Offering Circular for a discussion of mortgage prepayment considerations and risks. *Risk Factors, Description of the Underlying Mortgage Loans* and *Yield and Maturity Considerations* in the Information Circular discuss prepayment considerations for the Underlying Classes.

Yield

As an investor in SPCs, your yield will depend on:

- Your purchase price.
- The rate of principal payments on the underlying Mortgages.
- Whether an optional termination of the Underlying Trust occurs or the SPCs are redeemed.
- The actual characteristics of the underlying Mortgages.

- The level of LIBOR.
- The extent to which the Class Coupon of your Class of SPCs results in reductions or increases in its Class Coupon.
- Whether a Waterfall Trigger Event, or any other event that results in principal being distributed sequentially, occurs and is continuing.
- Whether Additional Interest Distribution Amounts are distributed to the series 2014-KS02 class B and class C certificates from amounts otherwise payable to Underlying Class X.
- Collection and payment, or waiver of, Static Prepayment Premiums.

See *Prepayment, Yield and Suitability Considerations — Yields* in the Offering Circular for a discussion of yield considerations and risks.

Suitability

The SPCs may not be suitable investments for you. See *Prepayment, Yield and Suitability Considerations — Suitability* in the Offering Circular for a discussion of suitability considerations and risks.

FINAL PAYMENT DATES

The Final Payment Date for each Class of SPCs is the latest date by which it will be paid in full and will retire. The Final Payment Dates generally reflect the maturity dates of the Mortgages and assume, among other things, no prepayments or defaults on the Mortgages. The actual retirement of each Class may occur earlier than its Final Payment Date.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

Any discussion of tax matters herein and in the Offering Circular was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax penalties that may be imposed on such person. Such discussion was written to support the promotion and marketing of the SPCs. Investors should consult their own independent tax advisors regarding the SPCs and each investor's particular circumstances.

The following is a general discussion of federal income tax consequences of the purchase, ownership and disposition of the Classes of SPCs. It does not address all federal income tax consequences that may apply to particular categories of investors, some of which may be subject to special rules. The tax laws and other authorities for this discussion are subject to change or differing interpretations, and any change or interpretation could apply retroactively. You should consult your tax advisor to determine the federal, state, local and any other tax consequences that may be relevant to you.

Neither the SPCs nor the income derived from them is exempt from federal income, estate or gift taxes under the Code by virtue of the status of Freddie Mac as a government-sponsored enterprise. Neither the Code nor the Freddie Mac Act contains an exemption from taxation of the SPCs or the

income derived from them by any state, any possession of the United States or any local taxing authority.

Classification of Investment Arrangement

The arrangement under which each Class of SPCs is created and sold and the related pass-through pool is administered will be classified as a grantor trust under subpart E, part I of subchapter J of the Code. As an investor in SPCs, you will be treated for federal income tax purposes as the owner of a *pro rata* undivided interest in the related Underlying Class.

Status of Classes

Upon the issuance of the Underlying Classes, Cadwalader, Wickersham & Taft LLP, counsel for the Underlying Depositor, will deliver its opinion generally to the effect that, assuming compliance with all the provisions of the Pooling Agreement and certain other documents:

- Specified portions of the assets of the Underlying Trust will qualify as multiple REMICs under the Code.
- Underlying Class A will represent ownership of a “regular interest” in one of those REMICs.
- Underlying Class X (exclusive of its obligation to pay Additional Interest Distribution Amounts) will represent ownership of a “regular interest” in one of those REMICs.

Accordingly, an investor in A will be treated as owning a regular interest in a REMIC. An investor in X will be treated as owning a regular interest in a REMIC and will be treated as having an obligation to pay Additional Interest Distribution Amounts.

For information regarding the federal income tax consequences of investing in an Underlying Class, see *Certain Federal Income Tax Consequences* in the Information Circular.

Information Reporting

Within a reasonable time after the end of each calendar year, we will furnish or make available to each Holder of each Class of SPCs such information as Freddie Mac deems necessary or desirable to assist beneficial owners in preparing their federal income tax returns, or to enable each Holder to make such information available to beneficial owners or financial intermediaries for which the Holder holds such SPCs as nominee.

Foreign Account Tax Compliance Act

Investors should be aware that under legislation enacted in 2010 and related administrative guidance (commonly known as “**FATCA**”), certain payments in respect of the SPCs after June 30, 2014 and payments of the gross proceeds from the sale or other disposition of an SPC or an Underlying Class after December 31, 2016 received by a non-U.S. entity may be subject to withholding of U.S. federal income tax at a rate of 30 percent if such non-U.S. entity fails to take required steps to provide certain information regarding its “United States accounts” or its direct or indirect “substantial U.S. owners.” The required steps and the information to be provided will depend on whether the non-U.S. entity is considered a “foreign financial institution” for this purpose, and if an intergovernmental agreement exists between the United States and an applicable foreign country that may modify the applicable requirements.

FATCA applies to debt securities issued after June 30, 2014. Investors should consult their tax advisors regarding the potential application and impact of the FATCA withholding rules based on their particular circumstances, including the applicability of any intergovernmental agreement modifying these rules and the grandfathering rules for debt instruments.

LEGAL INVESTMENT CONSIDERATIONS

You should consult your legal advisor to determine whether the SPCs are a legal investment for you and whether you can use the SPCs as collateral for borrowings. See *Legal Investment Considerations* in the Offering Circular.

ACCOUNTING CONSIDERATIONS

You should consult your accountant for advice on the appropriate accounting treatment for your SPCs. See *Accounting Considerations* in the Offering Circular.

ERISA CONSIDERATIONS

Fiduciaries of employee benefit plans should review *ERISA Considerations* in the Offering Circular.

PLAN OF DISTRIBUTION

Under an agreement with the Placement Agents, they have agreed to purchase all of the SPCs not placed with third parties for resale to us.

Our agreement with the Placement Agents provides that we will indemnify them against certain liabilities.

LEGAL MATTERS

Our General Counsel or one of our Deputy General Counsels will render an opinion on the legality of the SPCs. Cadwalader, Wickersham & Taft LLP is representing the Underlying Depositor and the Placement Agents on legal matters concerning the SPCs. That firm is also rendering certain legal services to us with respect to the SPCs.

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Appendix A
Transaction Summary

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Transaction Summary

Freddie Mac Structured Pass-Through Certificates (SPCs),
Series K-S02, Class A and X Certificates

\$326,342,000

Offered SPCs

Class	Approximate Original Principal Balance or Notional Amount	Approximate Initial Credit Support	Description of Initial Class Coupon	Expected WAL (years)	Assumed Principal Window (months)	Final Payment Date
A	\$326,342,000	15.000%	LIBOR + 0.3800%	6.43	1 - 111	August 25, 2023
X	\$383,932,174	N/A	Variable IO	6.51	N/A	August 25, 2023

The information contained in this Transaction Summary (the "Information") has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in the securities described herein. It is recommended that prospective purchasers review in full all of the offering documents relating to the SPCs ("Offering Documents") discussed in this communication. The Information does not include all of the information required to be included in the Offering Documents relating to the securities. As such, the Information may not reflect the impact of all structural characteristics of the securities and is qualified in its entirety by the information in the Offering Documents. Any investment decision with respect to the securities should be made by you based solely upon the information contained in the final Offering Documents relating to the securities. Offering Documents contain data that is current as of their publication dates and after publication may no longer be complete or current.

Final Offering Documents may be obtained from Wells Fargo Securities, LLC, the Lead Manager and Sole Bookrunner, from any of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Mischler Financial Group, Inc., the Co-Managers, or from our website at freddiemac.com.

Transaction overview

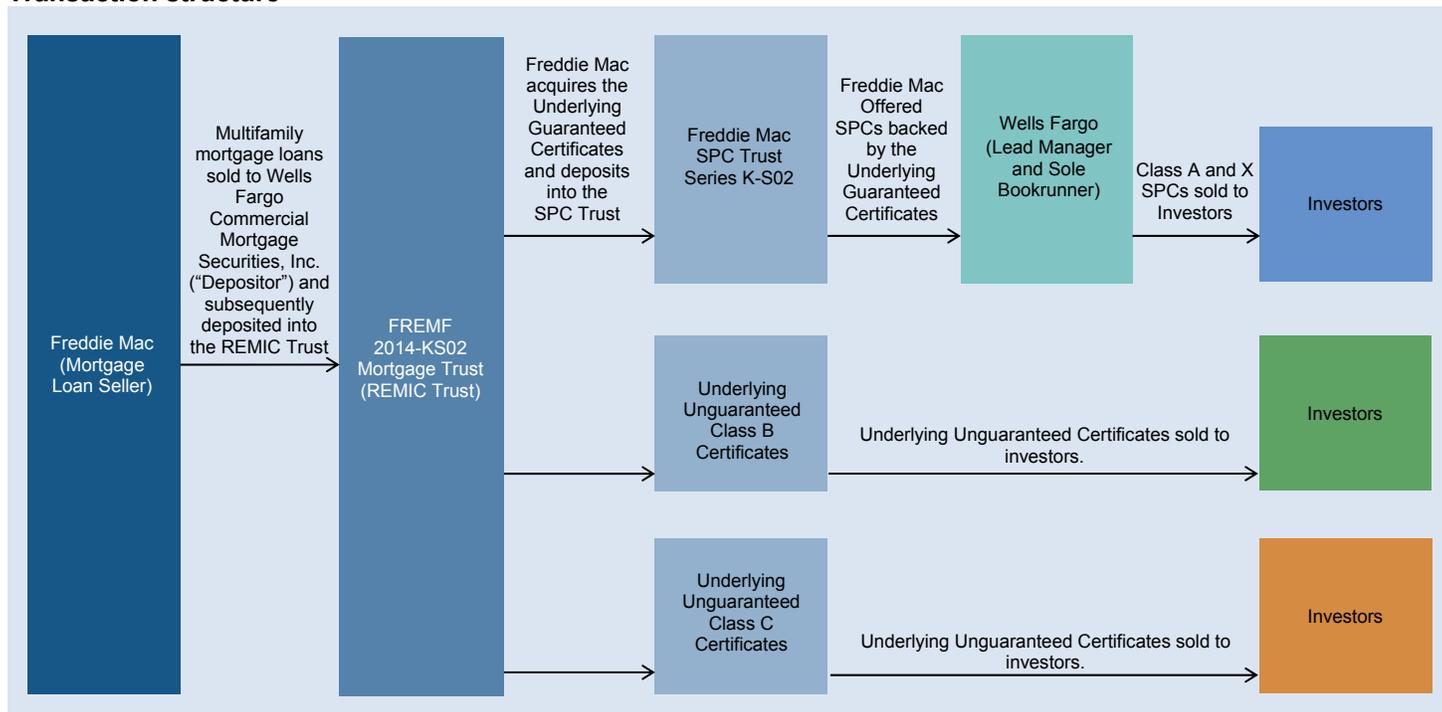
The Class A and X Certificates (the “Offered SPCs”) will be part of a series of mortgage pass-through certificates designated as the Freddie Mac Structured Pass-Through Certificates (“SPCs”), Series K-S02. Freddie Mac (as defined in the information circular for the Underlying Guaranteed Certificates (the “Information Circular”)) will form a single trust (the “SPC Trust”) to issue the SPCs. Each class of Offered SPCs will represent the entire interest in a separate pool included in the SPC Trust. Each pool will consist of the related class of underlying certificates (the “Underlying Guaranteed Certificates”). The Underlying Guaranteed Certificates will be issued by the underlying FREMF 2014-KS02 Mortgage Trust (the “REMIC Trust”) which will hold a pool of 17 mortgage loans secured by 17 mortgaged real properties that are assisted living and/or independent living facility properties with an initial mortgage pool balance of \$383,932,175 as described on page S-A-10 herein. It is a condition of the issuance of the Underlying Guaranteed Certificates that they be purchased by Freddie Mac and that Freddie Mac guarantee payment of interest and principal due on the Underlying Guaranteed Certificates as further described in *The Underlying Certificates — Freddie Mac Guarantee* below. The REMIC Trust will also issue certain other classes (the “Underlying Unguaranteed Certificates” and together with the Underlying Guaranteed Certificates, the “Underlying Certificates”) as further described in *The Underlying Certificates — Underlying Certificates* below.

Offered SPCs

Class	Approximate Original Principal Balance or Notional Amount	Approximate Initial Credit Support	Description of Initial Class Coupon	Expected WAL (years) ⁽¹⁾	Assumed Principal Window (months) ⁽¹⁾	Final Payment Date ⁽¹⁾
A	\$326,342,000	15.000%	LIBOR + 0.3800% ⁽²⁾	6.43	1 - 111	August 25, 2023
X	\$383,932,174	N/A	Variable IO	6.51	N/A	August 25, 2023

- (1) The expected weighted average lives, the assumed principal window and final payment dates shown in this table have been calculated based on the Modeling Assumptions as defined in the Offering Documents, including the assumption that there are no voluntary or involuntary prepayments with respect to the underlying mortgage loans. Class X's final payment date is calculated as the distribution date occurring in the month and year of the last anticipated loan payment date.
- (2) For each distribution date, LIBOR will be determined as described under “Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Mortgage Interest Rates; Calculations of Interest” in the Information Circular included in the Offering Documents. The pass-through rate of the Class A Certificates will be subject to a pass-through rate cap equal to the Weighted Average Net Mortgage Pass-Through Rate (as defined in the Offering Documents) minus the Guarantee Fee Rate (as defined in the Offering Documents).

Transaction structure



Relevant parties/entities

Underlying mortgage loan seller	Federal Home Loan Mortgage Corporation
Underlying originators	The underlying mortgage loans were originated by Berkadia Commercial Mortgage LLC, CBRE Capital Markets, Inc., Greystone Servicing Corporation, Inc. and KeyBank National Association (successor to KeyCorp Real Estate Capital Markets, Inc.).
Underlying master servicer	Wells Fargo Bank, National Association
Underlying special servicer	Wells Fargo Bank, National Association
Underlying trustee	U.S. Bank National Association
Underlying certificate administrator and custodian	U.S. Bank National Association

The Underlying Certificates

Underlying Certificates The REMIC Trust will issue five classes of Underlying Certificates. The Underlying Guaranteed Certificates will consist of the Class A and X Certificates issued by the REMIC Trust, which will be purchased and guaranteed by Freddie Mac and will be deposited into the SPC Trust to back the Offered SPCs. The REMIC Trust will also issue Underlying Unguaranteed Certificates consisting of the Class B, C and R Certificates, which will not be guaranteed by Freddie Mac and will not back any class of SPCs. The Underlying Unguaranteed Certificates are described to provide an understanding of the Underlying Guaranteed Certificates and the Offered SPCs.

Class⁽¹⁾	Approximate Original Principal Balance or Notional Amount	Approximate Initial Credit Support	Initial Class Coupon	Expected WAL (years)⁽²⁾	Assumed Principal Window (months)⁽²⁾	Assumed Final Distribution Date⁽²⁾
Guaranteed Certificates						
A	\$326,342,000	15.000%	LIBOR + 0.3800% ⁽³⁾	6.43	1 - 111	August 25, 2023
X	\$383,932,174	N/A	Variable IO	6.51	N/A	August 25, 2023
Unguaranteed Certificates						
B	\$19,196,000	10.000%	LIBOR + 5.0000% ⁽³⁾	6.99	1 - 111	August 25, 2023
C	\$38,394,174	0.000%	LIBOR + 9.0000% ⁽³⁾	6.99	1 - 111	August 25, 2023

- (1) The Class R Certificates are not represented in this table and are not being offered. The Class R Certificates will not have a principal balance, notional amount or class coupon.
- (2) The expected weighted average lives, the assumed principal windows and assumed final distribution dates shown in this table have been calculated based on the Modeling Assumptions as defined in the Offering Documents, including the assumption that there are no voluntary or involuntary prepayments with respect to the underlying mortgage loans.
- (3) For each distribution date, LIBOR will be determined as described under "Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Mortgage Interest Rates; Calculations of Interest" in the Information Circular included in the Offering Documents. The pass-through rate of the Class A Certificates will be subject to a pass-through rate cap equal to the Weighted Average Net Mortgage Pass-Through Rate (as defined in the Offering Documents) minus the Guarantee Fee Rate (as defined in the Offering Documents).

The Underlying Certificates (continued)

Pass-Through Rates

The Class A, B and C Certificates (together, the “Principal Balance Certificates”) will each have a pass-through rate *per annum* equal to the lesser of—

- (i) LIBOR plus the margin specified for that Class in the Information Circular; and
- (ii) (a) with respect to the Class A Certificates, the Weighted Average Net Mortgage Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate and (b) with respect to the Class B and C Certificates, the Weighted Average Net Mortgage Pass-Through Rate for the related distribution date minus the CREFC[®] Intellectual Property Royalty License Fee Rate.

The pass-through rate of the Class X Certificates for any Interest Accrual Period (as defined in the Information Circular) will equal the weighted average of the Class X Strip Rates (weighted based upon the relative sizes of their respective components). The “Class X Strip Rates” are, for the purposes of calculating the pass-through rate of the Class X Certificates, the rates *per annum* at which interest accrues from time to time on the three components of the total notional amount of the Class X Certificates outstanding immediately prior to the related distribution date. For each of the Class A, B and C Certificates, the Class X Certificates will have a component that will have a notional balance equal to the outstanding principal balance of that Class of Certificates. For purposes of calculating the pass-through rate of the Class X Certificates for each Interest Accrual Period, (a) the Class X Strip Rate with respect to the component related to the Class A Certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate, over (ii) the pass-through rate for the Class A Certificates; and (b) the applicable Class X Strip Rate with respect to the component related to the Class B or C Certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for such distribution date minus the CREFC[®] Intellectual Property Royalty License Fee Rate over (ii) the pass-through rate for the Class B or C Certificates, respectively. In no event may any Class X Strip Rate be less than zero.

The amount of interest to which the Class X Certificates are entitled on any distribution date will be distributed as described under “Priority of Distributions of Underlying Certificates-Interest” and as further described in the Information Circular.

Additional Interest Accrual Amounts

If, for any distribution date with respect to the Class B or C Certificates, the Weighted Average Net Mortgage Pass-Through Rate minus the CREFC[®] Intellectual Property Royalty License Fee Rate, is less than LIBOR plus the specified margin set forth in the Information Circular for any such Class of Certificates, such class will be entitled to the Additional Interest Accrual Amount for such class and such Interest Accrual Period, to the extent funds are available for payment of such amount.

The “Additional Interest Accrual Amount” with respect to any distribution date and any of the Class B or C Certificates is the amount, if any, by which interest on the principal balance of such class for the related Interest Accrual Period calculated at a rate of LIBOR plus the specified margin for such class exceeds the amount of interest accrued on the outstanding principal balance of such class at the Weighted Average Net Mortgage Pass-Through Rate for the related Interest Accrual Period minus the CREFC[®] Intellectual Property Royalty License Fee Rate.

Distribution of Additional Interest Distribution Amounts

On each distribution date on which the Class B or C Certificates are entitled to distributions of Additional Interest Accrual Amounts, the Aggregate Additional Interest Distribution Amount for such distribution date is required to be distributed in the priority described in “Description of the Series 2014-KS02 Certificates—Distributions—Priority of Distributions” in the Information Circular.

The “Aggregate Additional Interest Distribution Amount” with respect to any distribution date is the lesser of (x) the aggregate of the Additional Interest Accrual Amounts, if any, with respect to the Class B and C Certificates and (y) an amount equal to the amount, not less than zero, of interest distributable in respect of the Class X Interest Accrual Amount for such distribution date minus the Class X Interest Distribution Amount.

The “Additional Interest Distribution Amount” with respect to any distribution date and the Class B or C Certificates, is an amount equal to the lesser of (x) the Additional Interest Accrual Amount with respect to such class and (y) the amount of the Aggregate Additional Interest Distribution Amount, if any, remaining after distributing Additional Interest Accrual Amounts to all classes entitled to Additional Interest Accrual Amounts on such distribution date that are more senior to such class in right of payment.

To the extent that funds are not available to pay any Additional Interest Accrual Amounts on any distribution date on the Class B or C Certificates, such Additional Interest Accrual Amounts will be distributable on future distribution dates as an Additional Interest Shortfall Amount with respect to such class or classes.

“Additional Interest Shortfall Amount” with respect to any distribution date and the Class B or C Certificates is an amount equal to the aggregate amount of any Additional Interest Distribution Amounts for all prior distribution dates that was not distributed on such class on such prior distribution dates and remain unpaid immediately prior to the current distribution date.

The Underlying Certificates (continued)

Class X Interest Accrual Amount

“Class X Interest Accrual Amount” means, for each distribution date, an amount equal to interest accrued during the related Interest Accrual Period on the notional amount of the Class X Certificates immediately prior to such distribution date at the pass-through rate for the Class X Certificates, minus any Net Aggregate Prepayment Interest Shortfalls (as defined in the Information Circular) allocated to the Class X Certificates. The Class X Interest Accrual Amount will be calculated on an Actual/360 Basis.

As described in the Offering Documents, the Additional Interest Accrual Amount distributed to the Class B or C Certificates, as applicable, for any distribution date may not exceed the excess, if any, of (x) the Class X Interest Accrual Amount for the related Interest Accrual Period, over (y) the aggregate amount of Additional Interest Accrual Amounts distributable with respect to all classes entitled to Additional Interest Accrual Amounts on such distribution date that are more senior to such class in right of payment.

Waterfall Trigger Event

A “Waterfall Trigger Event” with respect to any distribution date, means when: (a) the number of underlying mortgage loans (other than Specially Serviced Mortgage Loans (as defined in the Information Circular)) held by the issuing entity as of the related determination date is less than or equal to five (5) (without regard to any cross-collateralization provisions of any underlying mortgage loan) or (b) the aggregate stated principal balance of the underlying mortgage loans (other than Specially Serviced Mortgage Loans) as of the related determination date is less than or equal to 15% of the initial mortgage pool balance (without regard to any cross-collateralization provisions of any underlying mortgage loan).

Priority of Distributions of Underlying Certificates - Interest

Distributions of interest will be made, in general, first, to the Class A and X Certificates concurrently on a *pro rata* basis based on the interest accrued with respect to each such class at their respective pass-through rates (including Unpaid Interest Shortfalls from prior distribution dates, subject to the payment of Additional Interest Distribution Amounts from amounts otherwise payable to the Class X Certificates as described in the next paragraph), then to the Class B and C Certificates, sequentially in that order, following reimbursement to Freddie Mac of guarantee payments with respect to the Class A and X Certificates. See “Description of the Series 2014-KS02 Certificates-Distributions – Priority of Distributions” in the Information Circular.

The amount of interest allocated for distribution on the Class X Certificates on any distribution date will be distributed in the following order of priority: *first*, to the Class X Certificates in an amount up to the Class X Interest Distribution Amount, *second*, sequentially to the Class B and C Certificates, in that order, in an amount up to the amount of any Unpaid Interest Shortfall (excluding Additional Interest) remaining unpaid on such class on such distribution date, *provided, however*, that in the case of the Class C Certificates, in the event that there remains any Outstanding Guarantor Reimbursement Amount (as defined in the Information Circular) on such distribution date, the lesser of the amount of any Unpaid Interest Shortfall payable on the Class C Certificates and the amount of any Outstanding Guarantor Reimbursement Amounts will be payable to the Guarantor, *third*, sequentially to the Class B and C Certificates, in that order, in an amount up to each such class’s Additional Interest Distribution Amount, if any, payable on such distribution date, and *fourth*, sequentially to the Class B and C Certificates, in that order, in an amount up to the Additional Interest Shortfall Amount payable to such class on such distribution date, in each case, as further described in the Information Circular.

The “Class X Interest Distribution Amount” means, for each distribution date, the sum of (a) the excess, if any, of the Class X Interest Accrual Amount for such distribution date over aggregate of the Additional Interest Accrual Amounts, if any, for the Class B and C Certificates with respect to such distribution date, and (b) the amount described in clause (a) above for all prior distribution dates that remains unpaid on such distribution date.

The Underlying Certificates (continued)

Priority of Distributions of Underlying Certificates – Principal

The certificate administrator must make *pro rata* principal distributions, so long as no Waterfall Trigger Event has occurred and is continuing, on the Class A, B and C Certificates, based on their respective outstanding principal balances relative to the total outstanding principal balance of the certificates and taking account of whether the payments (or advances in lieu of the payments) and other collections of principal that are to be distributed were received and/or made with respect to the underlying mortgage loans, that generally equal an amount (in any event, not to exceed the principal balances of the Class A, B and C Certificates outstanding immediately prior to the applicable distribution date) equal to the Performing Loan Principal Distribution Amount for such distribution date; provided that distributions to the Class B and C Certificates will follow reimbursement to Freddie Mac of guarantee payments with respect to the Class A and X Certificates. However, if a Waterfall Trigger Event has occurred and is continuing, the Class A Certificates will be entitled to the entire Performing Loan Principal Distribution Amount for each distribution date until the outstanding principal balance of the Class A Certificates has been reduced to zero. Thereafter, following reimbursement to Freddie Mac of guarantee payments with respect to the Class A and X Certificates, the Performing Loan Principal Distribution Amount, or the remaining portion of it on the applicable distribution date, will be allocated in sequential order to the Class B and C Certificates, in each case until their respective outstanding principal balances have been reduced to zero. Further, the Class A Certificates will always be entitled to the entire portion of the Specially Serviced Loan Principal Distribution Amount for each distribution date until the outstanding principal balance of the Class A Certificates has been reduced to zero, at which time, following reimbursement to Freddie Mac of guarantee payments with respect to the Class A and X Certificates, the Class B and C Certificates will be entitled to receive, in that sequential order, any remaining portion of the Specially Serviced Loan Principal Distribution Amount, in each case until their respective outstanding principal balances have been reduced to zero.

“Performing Loan Principal Distribution Amount” means, with respect to any distribution date, the excess, if any, of the Principal Distribution Amount for such distribution date over the Specially Serviced Loan Principal Distribution Amount, if any, for such distribution date.

“Specially Serviced Loan Principal Distribution Amount” means, with respect to any distribution date, any portion of the Principal Distribution Amount that was collected or advanced with respect to any Specially Serviced Mortgaged Loan other than an Excluded Specially Serviced Mortgage Loan. For the avoidance of doubt, the Specially Serviced Loan Principal Distribution Amount will be reduced by the Principal Distribution Adjustment Amount applicable to such Specially Serviced Mortgaged Loan.

“Excluded Specially Serviced Mortgage Loan” means any Specially Serviced Mortgage Loan for which all of the following conditions are satisfied:

- it has not been a Specially Serviced Mortgage Loan for more than one (1) distribution date;
- it is a Specially Serviced Mortgage Loan solely due to the occurrence of an event described in the fifth or sixth bullet of the definition of “Servicing Transfer Event” in the Glossary of the Information Circular; and
- the borrower has not failed to make any monthly payment in full since the underlying mortgage loan became a Specially Serviced Mortgage Loan.

For the avoidance of doubt, a Specially Serviced Loan will cease to be an Excluded Specially Serviced Mortgage Loan no later than the day immediately following the first (1st) distribution date to occur after becoming an Excluded Specially Serviced Mortgage Loan.

The Underlying Certificates (continued)

Allocation of Prepayment Premiums

The Class X Certificates will be entitled to any Static Prepayment Premium (as defined in the Information Circular) collected in connection with the prepayment of any of the underlying mortgage loans. However, Certificateholders representing a majority interest in the Class X Certificates may, in their sole discretion, direct the Underlying Master Servicer, or the Underlying Special Servicer, as applicable, to waive any obligation of the related borrower to pay a Static Prepayment Premium in connection with any prepayment of any underlying mortgage loan. In addition, with respect to all of the underlying mortgage loans, each related borrower may prepay the related underlying mortgage loan without payment of a Static Prepayment Premium if such mortgage loan is prepaid using the proceeds of a fixed-rate mortgage loan that is the subject of a binding purchase commitment between Freddie Mac and a Freddie Mac-approved "Program Plus" seller/servicer, and (i) with respect to twelve (12) related underlying mortgage loans, collectively representing 72.1% of the initial mortgage pool balance, such prepayment occurs on or after the twelfth (12th) payment date, (ii) with respect to three (3) underlying mortgage loans, collectively representing 17.1% of the initial mortgage pool balance, such prepayment occurs on or after the thirty-sixth (36th) payment date or (iii) with respect to two (2) related underlying mortgage loans, collectively representing 10.8% of the initial mortgage pool balance, such prepayment occurs on or after the sixtieth (60th) payment date, as applicable, in each case following origination of the related underlying mortgage loan. See "Description of the Underlying Mortgage Loans — Certain Terms and Conditions of the Underlying Mortgage Loans — Prepayment Provisions" in the Information Circular.

Freddie Mac Guarantee

It is a condition to the issuance of the Underlying Guaranteed Certificates that the Underlying Guaranteed Certificates be purchased by Freddie Mac and that Freddie Mac guarantee certain payments on the Underlying Guaranteed Certificates (the "Freddie Mac Guarantee"), as more fully described in the Offering Documents, including (i) timely payment of interest, (ii) payment of related principal on the distribution date following the maturity date of each mortgage loan to the extent such principal would have been distributed to the Class A Certificates, (iii) reimbursement of any realized losses and additional trust fund expenses allocated to the Class A Certificates and (iv) ultimate payment of principal by the assumed final distribution date for the Class A Certificates. Any payment made by Freddie Mac under the Freddie Mac Guarantee in respect of principal to the Class A Certificates will reduce the principal balance of such class by a corresponding amount and will also result in a corresponding reduction in the notional amount of the Class X Certificates. The Freddie Mac Guarantee does not cover the payment of any Static Prepayment Premiums or any other prepayment premiums related to the underlying mortgage loans, nor does it cover any loss of yield on the Class X Certificates due to the payment of Additional Interest Distribution Amounts to the Class B and C Certificates or a reduction in its notional amount resulting from a reduction of the principal balance of any related class of Underlying Certificates. Any guarantee payments made by Freddie Mac on the Underlying Guaranteed Certificates will be passed through to the holders of the corresponding Offered SPCs.

The Underlying Guaranteed Certificates, including interest thereon, are not guaranteed by the United States of America (the "United States") and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to pay under the Freddie Mac Guarantee, the Underlying Guaranteed Certificates could be subject to losses. Freddie Mac will not guarantee any other class of Underlying Certificates other than the Underlying Guaranteed Certificates. The SPCs are not tax-exempt.

No Ratings

None of the SPCs or the Underlying Certificates will be rated by any nationally recognized statistical rating organization.

Subordination

Losses on the underlying mortgage loans will be allocated, first, to the Class C Certificates, until reduced to zero, second, to the Class B Certificates, until reduced to zero, and then to the Class A Certificates, provided that, as described under "Freddie Mac Guarantee" above, Freddie Mac will reimburse the holders of the Class A Certificates for any losses allocated to such class on the date such losses are allocated. The Class B and C Certificates will not be reimbursed by Freddie Mac for losses.

Loss scenario examples

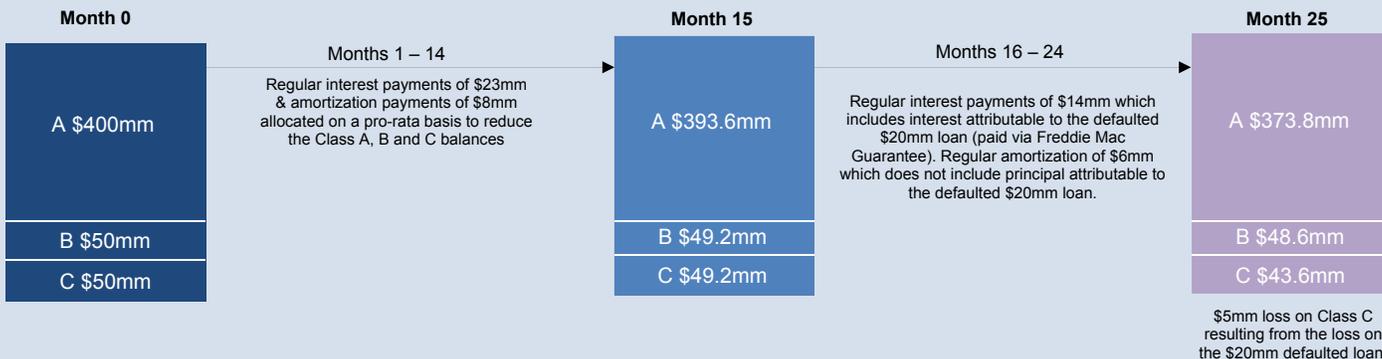
Loss Scenarios

The loss scenarios below illustrate how the Underlying Certificates are affected by loan defaults and the Freddie Mac Guarantee assuming that the master servicer is no longer making principal and interest advances with respect to the defaulted loans. These scenarios are for illustrative purposes only. Class balances, loan balances and other mortgage pool characteristics described in these scenarios do not reflect those of the actual Underlying Certificates or the underlying mortgage pool.

Assumptions

Pool Size: \$500mm
 \$20mm loan defaults in month 15 (prior to loan maturity)
 Loan sold for \$15mm in month 25, \$5mm loss

\$15mm paydown to Class A resulting from recovery on the \$20mm defaulted loan



Assumptions

Pool Size: \$500mm
 Losses occur in month 1 resulting in Class C being written down to zero
 \$20mm loan defaults in month 74 (prior to loan maturity)
 Loan sold for \$15mm in month 76, \$5mm loss

\$15mm paydown to Class A resulting from recovery on the \$20mm defaulted loan.



Assumptions

Pool Size: \$500mm
 All loans (with the exception of two) pay off on time in month 84
 \$30mm and \$20mm IO loans maturity default in month 84
 Loans sold for \$45mm in month 89, \$5mm loss



Certificate discount margins under various constant default rate (CDR) scenarios⁽¹⁾

	Class A⁽²⁾
0 CDR (0.00% Cumulative Net Loss)	
Discount Margin (basis points)	38
WAL (Years)	6.43
1 CDR (1.85% Cumulative Net Loss)	
Discount Margin (basis points)	38
WAL (Years)	5.99
2 CDR (3.63% Cumulative Net Loss)	
Discount Margin (basis points)	38
WAL (Years)	5.96
5 CDR (8.53% Cumulative Net Loss)	
Discount Margin (basis points)	38
WAL (Years)	5.87
10 CDR (15.39% Cumulative Net Loss)	
Discount Margin (basis points)	38
WAL (Years)	5.72

(1) Illustrative discount margins subject to final pricing. Table calculated using Modeling Assumptions as described in the Offering Documents, including the assumption that there are no voluntary prepayments with respect to the underlying mortgage loans, with the following exceptions: defaults start immediately, 24 months recovery lag, no losses 24 months prior to the applicable maturity date for all mortgage loans, loss severity of 40% and servicer advances on principal and interest of 100%.

(2) Discount margins assume a price of 100.0000% and a fixed coupon of 0.5305%, based upon a margin of 0.3800% and LIBOR constant at 0.1505%.

The underlying mortgages

Initial mortgage pool balance	\$383,932,175
Number of underlying mortgage loans / mortgaged real properties	17 / 17
Range of cut-off date principal balances	\$5,468,847 - \$49,184,345
Average cut-off date principal balance	\$22,584,246
10 largest mortgage loans or groups of cross-collateralized mortgage loans as a % of pool ⁽¹⁾	89.8%
Range of mortgage interest rate margins	2.260% - 3.360%
Weighted average mortgage interest rate margin	2.691%
Range of LIBOR Cap strike rates ⁽²⁾	2.740% - 4.550%
Weighted average LIBOR Cap strike rate ⁽²⁾	3.502%
Weighted average original term to maturity (months)	91
Range of remaining terms to maturity (months)	55 - 111
Weighted average remaining term to maturity (months)	84
Range of underwritten debt service coverage ratios, based on underwritten net cash flow ⁽³⁾⁽⁴⁾	1.60x - 3.14x
Weighted average underwritten debt service coverage ratio, based on underwritten net cash flow ⁽³⁾⁽⁴⁾	1.91x
Weighted average underwritten debt service coverage ratio at capped interest rate, based on underwritten net cash flow ⁽⁵⁾	1.25x
Range of cut-off date loan-to-value ratios	51.7% - 73.7%
Weighted average cut-off date loan-to-value ratio	64.0%

General The underlying mortgage loans were originated between January 29, 2013 and February 5, 2014 and were underwritten in connection with Freddie Mac's purchase of the underlying mortgage loans shortly after origination.

Property type All of the mortgaged real properties are assisted living and/or independent living facility properties. See "Risk Factors" in the Information Circular for a description of some of the risks relating to assisted living and independent living facility properties. Also, see "Senior Living Facility Operations" in the Information Circular for further discussion of assisted living and independent living facility properties.

Geographic concentration

State	Number of underlying mortgaged real properties	% of Initial mortgage pool balance
Illinois	1	12.8%
New York	1	12.1%
Michigan	4	10.4%
Georgia	2	10.2%
Massachusetts	1	10.0%

The remaining underlying mortgaged real properties with respect to the underlying mortgage pool are located throughout six (6) other states, with no other state representing more than 9.8% of the initial mortgage pool balance.

Significant underlying mortgage loans The ten (10) largest underlying mortgage loans or groups of cross-collateralized mortgage loans collectively represent 89.8% of the initial mortgage pool balance. See "Risk Factors – Risks Related to the Underlying Mortgage Loans," "Description of the Underlying Mortgage Loans" and Exhibits A-1, A-2 and A-3 to the Information Circular.

Amortization All of the underlying mortgage loans are balloon loans. One (1) underlying mortgage loan, representing 4.8% of the initial pool balance, does not provide for any amortization prior to the maturity date. Seven (7) of the underlying mortgage loans, collectively representing 39.0% of the initial mortgage pool balance, provide for an interest-only period of between 12 and 39 months following origination followed by amortization for the balance of the loan term.

Representations and warranties As described in the Offering Documents, as of the date of initial issuance of the Underlying Certificates (or as of the date otherwise indicated), Freddie Mac as the mortgage loan seller will make, subject to certain stated qualifications or exceptions, specific representations and warranties with respect to each mortgage loan that it is selling for inclusion in the REMIC Trust.

(1) Includes one group of mortgage loans for which the loans within the group are cross-collateralized and cross-defaulted with each other.

(2) With respect to fifteen (15) of the underlying mortgage loans collectively representing 86.1% of the initial pool balance, the applicable borrowers purchased LIBOR interest rate cap agreements from third-party sellers. Only these fifteen (15) underlying mortgage loans are included in the LIBOR Cap strike rate calculations.

(3) Each Debt Service Coverage Ratio assumes LIBOR of 0.2000%, and is otherwise calculated as described under "Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loan—Mortgage Interest Rates; Calculations of Interest" in the Information Circular.

(4) All DSCR calculations are based on amortizing debt service payments with the exception of one (1) full term interest-only loan which was based on interest-only payments.

(5) With respect to fifteen (15) of the underlying mortgage loans collectively representing 86.1% of the initial pool balance, the applicable borrowers purchased LIBOR interest rate cap agreements from third-party sellers which are reflected in the DSCR at capped interest rate calculations. Two (2) additional underlying mortgage loans collectively representing 13.9% of the initial pool balance are not subject to any interest rate cap or any LIBOR rate cap agreement, for purposes of the DSCR at cap calculation, these loans were excluded from the calculations.

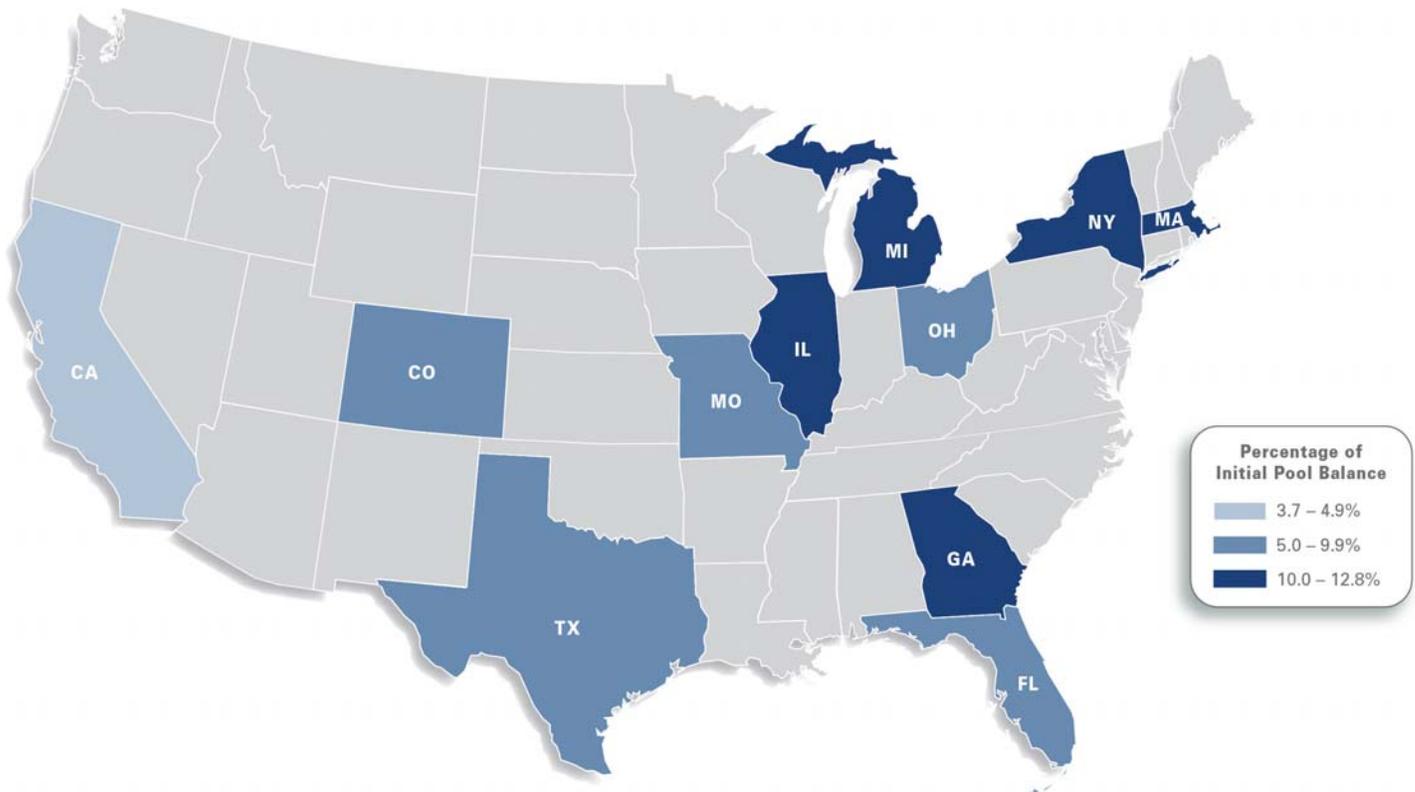
The information contained in footnotes (1), (2), (3) and (4) above relates to the information included in the tables on pages S-A-11 to S-A-15 herein and the Description of the Top Ten Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans, where applicable.

Ten Largest Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans

Loan Name	Number of Mortgaged Properties	Property Sub-Type	Location	Cut-off Date Principal Balance	% of Initial Mortgage		Underwritten DSCR	Underwritten DSCR at Cap	Cut-off Date LTV Ratio	Margin
					Pool Balance	Balance				
The Meadows Of Glen Ellyn	1	Independent Living	Glen Ellyn, IL	\$49,184,345	12.8%	1.87x	1.30x	68.5%	2.660%	
The Hallmark At Battery Park	1	Independent Living	New York, NY	46,402,750	12.1	1.73x	1.24x	57.4%	2.880%	
Michigan Independent Living Portfolio	4	Independent Living	Various	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%	
Village At Proprietors Green	1	Independent Living	Marshfield, MA	38,350,000	10.0	1.68x	1.10x	65.0%	2.450%	
The Hallmark Of Creve Coeur	1	Independent Living	Creve Coeur, MO	37,793,285	9.8	1.82x	1.20x	73.7%	2.260%	
Trillium Place	1	Independent Living	Columbus, OH	35,970,095	9.4	1.83x	1.22x	73.7%	2.310%	
Horizon Bay At Hyde Park	1	Assisted Living	Tampa, FL	35,000,000	9.1	1.92x	N/A	59.9%	2.900%	
Harvard Square	1	Assisted Living	Denver, CO	21,500,000	5.6	1.68x	1.20x	69.1%	2.920%	
Arbor Terrace Peachtree City	1	Independent Living	Peachtree City, GA	20,700,000	5.4	1.62x	1.17x	61.4%	3.020%	
Parkview In Frisco	1	Independent Living	Frisco, TX	20,000,000	5.2	1.60x	1.16x	51.7%	3.040%	
Top 10 - Total / Wtd. Average	13			\$344,754,079	89.8%	1.84x	1.24x	64.3%	2.646%	

Geographic Distribution

Property Location	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Illinois	1	\$49,184,345	12.8%	1.87x	1.30x	68.5%	2.660%
New York	1	46,402,750	12.1	1.73x	1.24x	57.4%	2.880%
Michigan	4	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%
Georgia	2	39,200,000	10.2	2.34x	1.17x	59.2%	3.006%
Massachusetts	1	38,350,000	10.0	1.68x	1.10x	65.0%	2.450%
Missouri	1	37,793,285	9.8	1.82x	1.20x	73.7%	2.260%
Ohio	1	35,970,095	9.4	1.83x	1.22x	73.7%	2.310%
Florida	1	35,000,000	9.1	1.92x	N/A	59.9%	2.900%
Colorado	2	27,928,096	7.3	1.81x	1.29x	66.4%	2.888%
Texas	1	20,000,000	5.2	1.60x	1.16x	51.7%	3.040%
California	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
<i>Southern California</i>	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%



Mortgage Pool Cut-off Date Principal Balances

Range of Cut-off Date Balances	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
\$5,468,847 - \$9,999,999	5	\$35,641,058	9.3%	2.10x	1.41x	63.1%	2.873%
\$10,000,000 - \$14,999,999	2	24,890,642	6.5	2.39x	1.46x	57.8%	2.450%
\$15,000,000 - \$19,999,999	1	18,500,000	4.8	3.14x	N/A	56.7%	2.990%
\$20,000,000 - \$24,999,999	3	62,200,000	16.2	1.63x	1.18x	60.9%	2.992%
\$25,000,000 - \$44,999,999	4	147,113,380	38.3	1.81x	1.17x	68.1%	2.474%
\$45,000,000 - \$49,184,345	2	95,587,095	24.9	1.80x	1.27x	63.1%	2.767%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Underwritten Debt Service Coverage Ratios

Range of Underwritten DSCRs	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
1.60x - 1.69x	4	\$100,550,000	26.2%	1.65x	1.15x	62.5%	2.785%
1.70x - 1.79x	3	60,652,750	15.8	1.73x	1.25x	60.6%	2.993%
1.80x - 1.89x	3	122,947,725	32.0	1.84x	1.25x	71.6%	2.435%
1.90x - 1.99x	1	35,000,000	9.1	1.92x	N/A	59.9%	2.900%
2.00x - 2.24x	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
2.25x - 2.49x	4	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%
2.50x - 3.14x	1	18,500,000	4.8	3.14x	N/A	56.7%	2.990%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Cut-off Date Loan-to-Value Ratios

Range of Cut-off Date LTV Ratios	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
51.7% - 54.9%	1	\$20,000,000	5.2%	1.60x	1.16x	51.7%	3.040%
55.0% - 59.9%	8	146,184,450	38.1	2.16x	1.36x	58.0%	2.777%
60.0% - 64.9%	1	20,700,000	5.4	1.62x	1.17x	61.4%	3.020%
65.0% - 69.9%	3	109,034,345	28.4	1.77x	1.21x	67.4%	2.637%
70.0% - 73.7%	4	88,013,380	22.9	1.81x	1.22x	73.3%	2.459%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Maturity Date Loan-to-Value Ratios

Range of Maturity Date LTV Ratios	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Maturity Date LTV Ratio	Weighted Average Margin
44.6% - 44.9%	1	\$46,402,750	12.1%	1.73x	1.24x	44.6%	2.880%
45.0% - 49.9%	6	66,281,700	17.3	2.14x	1.38x	48.6%	2.660%
50.0% - 54.9%	2	84,184,345	21.9	1.89x	1.30x	53.7%	2.760%
55.0% - 59.9%	3	77,550,000	20.2	2.01x	1.12x	57.9%	2.731%
60.0% - 63.3%	5	109,513,380	28.5	1.78x	1.22x	62.5%	2.549%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	55.1%	2.691%

Mortgage Pool Margin Rates

Range of Margins	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
2.260% - 2.499%	7	\$151,966,983	39.6%	1.94x	1.25x	67.3%	2.370%
2.500% - 2.749%	1	49,184,345	12.8	1.87x	1.30x	68.5%	2.660%
2.750% - 2.999%	5	127,830,846	33.3	2.00x	1.26x	60.0%	2.903%
3.000% - 3.249%	2	40,700,000	10.6	1.61x	1.17x	56.6%	3.030%
3.250% - 3.360%	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Rate Cap Status

Rate Cap Status	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin Rate
Third Party LIBOR Cap	15	\$330,432,175	86.1%	1.84x	1.25x	64.9%	2.652%
Uncapped	2	53,500,000	13.9	2.34x	N/A	58.8%	2.931%
Total / Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool LIBOR Cap Strike Prices

Range of LIBOR Cap Strike Prices	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Uncapped	2	\$53,500,000	13.9%	2.34x	N/A	58.8%	2.931%
2.740% - 2.749%	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
2.750% - 2.999%	2	40,700,000	10.6	1.61x	1.17x	56.6%	3.030%
3.000% - 3.249%	3	74,330,846	19.4	1.76x	1.26x	60.8%	2.883%
3.250% - 3.499%	1	49,184,345	12.8	1.87x	1.30x	68.5%	2.660%
3.500% - 4.499%	3	112,113,380	29.2	1.78x	1.17x	70.7%	2.341%
4.500% - 4.550%	4	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%
Total / Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Original Term to Maturity

Original Term to Maturity (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
60	1	\$38,350,000	10.0%	1.68x	1.10x	65.0%	2.450%
84	14	249,995,079	65.1	1.98x	1.27x	64.2%	2.699%
120	2	95,587,095	24.9	1.80x	1.27x	63.1%	2.767%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Remaining Term to Maturity

Remaining Term to Maturity (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
55 - 60	1	\$38,350,000	10.0%	1.68x	1.10x	65.0%	2.450%
61 - 70	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
71 - 75	2	73,763,380	19.2	1.82x	1.21x	73.7%	2.284%
76 - 80	9	128,303,604	33.4	2.17x	1.35x	60.3%	2.844%
81 - 85	2	41,500,000	10.8	1.64x	1.18x	60.7%	2.978%
86 - 111	2	95,587,095	24.9	1.80x	1.27x	63.1%	2.767%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Original Amortization Term

Original Amortization Term (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Interest Only	1	\$18,500,000	4.8%	3.14x	N/A	56.7%	2.990%
360	16	365,432,175	95.2	1.85x	1.25x	64.4%	2.676%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Remaining Amortization Term

Remaining Amortization Term (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Interest Only	1	\$18,500,000	4.8%	3.14x	N/A	56.7%	2.990%
345 - 350	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
351 - 355	8	209,204,079	54.5	1.92x	1.29x	65.8%	2.536%
356 - 360	7	149,800,000	39.0	1.72x	1.16x	62.7%	2.867%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Seasoning

Seasoning (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
2	1	\$20,000,000	5.2%	1.60x	1.16x	51.7%	3.040%
3 - 4	4	56,450,000	14.7	1.67x	1.21x	66.8%	3.068%
5 - 6	2	73,350,000	19.1	1.79x	1.10x	62.6%	2.665%
7 - 8	5	58,353,604	15.2	2.63x	1.46x	57.5%	2.621%
9 - 10	4	169,350,475	44.1	1.81x	1.24x	67.7%	2.557%
11 - 15	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Amortization Type

Amortization Type	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Balloon	9	\$215,632,175	56.2%	1.93x	1.29x	65.6%	2.544%
Partial IO	7	149,800,000	39.0	1.72x	1.16x	62.7%	2.867%
Interest Only	1	18,500,000	4.8	3.14x	N/A	56.7%	2.990%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Loan Purpose

Loan Purpose	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Refinance	12	\$276,954,079	72.1%	1.99x	1.29x	64.7%	2.655%
Acquisition	5	106,978,096	27.9	1.69x	1.17x	62.2%	2.785%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Prepayment Protection

Prepayment Protection	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Lockout Followed by 2% then 1% Penalty	5	\$207,700,475	54.1%	1.79x	1.22x	67.2%	2.537%
Lockout Followed by 1% Penalty	6	93,353,604	24.3	2.36x	1.46x	58.4%	2.726%
5%, 4%, 3%, 2%, then 1% Penalty	2	41,500,000	10.8	1.64x	1.18x	60.7%	2.978%
3%, 2%, then 1% Penalty	4	41,378,096	10.8	1.75x	1.27x	64.2%	3.100%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Property Sub-Type

Property SubType	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Independent Living	11	\$288,254,079	75.1%	1.85x	1.24x	64.4%	2.595%
Assisted Living	6	95,678,096	24.9	2.09x	1.29x	62.9%	2.982%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Current Occupancy

Range of Current Occupancy	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
75.5% - 84.9%	1	\$8,400,000	2.2%	1.72x	1.28x	71.2%	3.360%
85.0% - 89.9%	2	55,970,095	14.6	1.75x	1.20x	65.8%	2.571%
90.0% - 94.9%	5	97,124,054	25.3	1.79x	1.20x	63.9%	2.676%
95.0% - 99.9%	8	187,438,026	48.8	2.02x	1.29x	64.0%	2.666%
100.0%	1	35,000,000	9.1	1.92x	N/A	59.9%	2.900%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Year Built / Renovated

Most Recent Year Built / Renovated	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
1974 - 1984	1	\$5,850,000	1.5%	1.72x	1.28x	71.2%	3.360%
1985 - 1994	1	8,400,000	2.2	1.72x	1.28x	71.2%	3.360%
1995 - 1999	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
2000 - 2004	5	180,455,682	47.0	1.85x	1.26x	67.1%	2.550%
2005 - 2009	6	88,748,396	23.1	2.20x	1.30x	58.9%	2.809%
2010 - 2012	3	94,050,000	24.5	1.76x	1.12x	62.3%	2.743%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Property Tenant Concentration⁽¹⁾

Mortgaged Property	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Public vs. Private Pay	Independent Living % of Tenant Concentration	Assisted Living % of Tenant Concentration	Memory Care % of Tenant Concentration ⁽²⁾
The Meadows Of Glen Ellyn	\$49,184,345	12.8%	Private	75.0%	25.0%	0.0%
The Hallmark At Battery Park	46,402,750	12.1	Private	100.0%	0.0%	0.0%
Pine Ridge Of Garfield ⁽³⁾	13,785,435	3.6	Private	100.0%	0.0%	0.0%
Pine Ridge Of Plumbrook ⁽³⁾	11,105,207	2.9	Private	100.0%	0.0%	0.0%
Villas Of Shelby ⁽³⁾	9,494,115	2.5	Private	100.0%	0.0%	0.0%
Pine Ridge Of Hayes ⁽³⁾	5,468,847	1.4	Private	100.0%	0.0%	0.0%
Village At Proprietors Green	38,350,000	10.0	Private	53.0%	31.0%	16.0%
The Hallmark Of Creve Coeur	37,793,285	9.8	Private	81.0%	19.0%	0.0%
Trillium Place	35,970,095	9.4	Private	72.0%	28.0%	0.0%
Horizon Bay At Hyde Park	35,000,000	9.1	Private	31.0%	69.0%	0.0%
Harvard Square	21,500,000	5.6	Private	22.4%	77.6%	0.0%
Arbor Terrace Peachtree City	20,700,000	5.4	Private	77.2%	22.8%	0.0%
Parkview In Frisco	20,000,000	5.2	Private	100.0%	0.0%	0.0%
Arbor Terrace At Crabapple	18,500,000	4.8	Private	0.0%	72.0%	28.0%
Emeritus At Brea ⁽⁴⁾	8,400,000	2.2	Private	0.0%	100.0%	0.0%
Emeritus At Whittier ⁽⁴⁾	5,850,000	1.5	Private	0.0%	100.0%	0.0%
Balfour Cherrywood Village	6,428,096	1.7	Private	0.0%	0.0%	100.0%
Total / Wtd. Average	\$383,932,175	100.0%		65.5%	29.8%	4.6%

(1) Based on information available at the time of original underwriting.

(2) This tenant concentration consists of the percentage of units at each property that are dedicated to Alzheimer's disease, memory conditions and other dementias at the time of original underwriting.

(3) The Pine Ridge Of Garfield, Pine Ridge Of Plumbrook, Villas Of Shelby and Pine Ridge Of Hayes mortgage loans are cross-collateralized and cross-defaulted with each other.

(4) The Emeritus At Brea and Emeritus At Whittier mortgage loans are cross-collateralized and cross-defaulted with each other.

Description of the Top Ten Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans

1. The Meadows Of Glen Ellyn



Original Principal Balance:	\$49,975,000
Cut-off Date Principal Balance:	\$49,184,345
Maturity Date Principal Balance:	\$37,942,511
% of Initial Mortgage Pool Balance:	12.8%
Loan Purpose:	Refinance
Interest Rate:	L+2.660%
LIBOR Strike Price / Cap Provider	3.340% / Barclays Bank PLC
First Payment Date:	September 1, 2013
Maturity Date:	August 1, 2023
Amortization:	30-year schedule
Call Protection:	L(11) 2%(60) 1%(45) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$219,573
Maturity Date Principal Balance / Unit:	\$169,386
Cut-off Date LTV:	68.5%
Maturity Date LTV:	52.8%
Underwritten DSCR / DSCR at Cap:	1.87x / 1.30x
# of Units:	224
Collateral:	Fee Simple
Location:	Glen Ellyn, IL
Property Sub-type:	Independent Living
Year Built / Renovated:	2000 / N/A
Occupancy:	2013 (T-6) 2012 2011 2010
	95.0% 96.4% 93.9% 94.0%
Underwritten / Most Recent NCF:	\$4,647,533 / \$5,160,927
Avg. Effective Ann. Rent/Unit:	2013 (T-6) 2012 2011 2010
	\$41,777 \$40,406 \$39,160 \$38,338

Generally. The underlying mortgage loan (“The Meadows Of Glen Ellyn Mortgage Loan”) is secured by one mortgaged real property operated as an independent living facility that offers independent living and assisted living care services to residents. The property, which was developed by the sponsor in 2000, is improved with a five-story apartment building and a one-story parking garage and is situated on approximately 8.2 acres of land.

Property Management. Brookdale Living Communities of Illinois-GE, Inc., an affiliate of the sponsor, is the property manager for the mortgaged real property securing The Meadows Of Glen Ellyn Mortgage Loan.

Competitive Conditions. The Meadows Of Glen Ellyn property is located in the city of Glen Ellyn, DuPage County, within the Chicago MSA. The mortgaged real property is one (1) of six (6) comparable independent living facilities serving the same sub-market.

Tenant Concentration. At the time of underwriting, the tenant concentration was 75.0% independent living and 25.0% assisted living.

2. The Hallmark At Battery Park



Original Principal Balance:	\$47,120,000
Cut-off Date Principal Balance:	\$46,402,750
Maturity Date Principal Balance:	\$36,085,058
% of Initial Mortgage Pool Balance:	12.1%
Loan Purpose:	Refinance
Interest Rate:	L+2.880%
LIBOR Strike Price / Cap Provider	3.120% / Barclays Bank PLC
First Payment Date:	September 1, 2013
Maturity Date:	August 1, 2023
Amortization:	30-year schedule
Call Protection:	L(11) 2%(48) 1%(57) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$213,838
Maturity Date Principal Balance / Unit:	\$166,291
Cut-off Date LTV:	57.4%
Maturity Date LTV:	44.6%
Underwritten DSCR / DSCR at Cap:	1.73x / 1.24x
# of Units:	217
Collateral:	Leasehold
Location:	New York, NY
Property Sub-type:	Independent Living
Year Built / Renovated:	2000 / N/A
Occupancy:	2013 (T-6) 2012 2011 2010
	90.3% 91.7% 85.2% 86.6%
Underwritten / Most Recent NCF:	\$4,178,083 / \$5,171,070
Avg. Effective Ann. Rent/Unit:	2013 (T-6) 2012 2011 2010
	\$81,469 \$78,154 \$76,615 \$74,766

Generally. The underlying mortgage loan (“The Hallmark At Battery Park Mortgage Loan”) is secured by one mortgaged real property operated as an independent living facility that offers various common area and unit amenities to residents. The property, which was developed by the sponsor in 2000, is improved with a 14-story, 217-unit apartment building and is situated on approximately 0.5 acres of land.

Property Management. Brookdale Living Communities of New York – BPC, Inc., an affiliate of the sponsor, is the property manager for the mortgaged real property securing The Hallmark At Battery Park Mortgage Loan.

Competitive Conditions. The Hallmark At Battery Park property is located in the city of New York, New York County, within the New York MSA. The mortgaged real property is one (1) of seven (7) comparable independent living facilities located in or near the Manhattan market.

Tenant Concentration. At the time of underwriting, the tenant concentration was 100.0% independent living.

3. Michigan Independent Living Portfolio⁽¹⁾



Original Principal Balance:	\$40,445,000
Cut-off Date Principal Balance:	\$39,853,604
Maturity Date Principal Balance:	\$33,742,987
% of Initial Mortgage Pool Balance:	10.4%
Loan Purpose:	Refinance
Interest Rate:	L+2.450%
LIBOR Strike Price / Cap Provider	4.550% / The Bank of New York Mellon
First Payment Date:	October 1, 2013
Maturity Date:	September 1, 2020
Amortization:	30-year schedule
Call Protection:	L(11) 1%(69) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$87,398
Maturity Date Principal Balance / Unit:	\$73,998
Cut-off Date LTV:	57.8%
Maturity Date LTV:	49.0%
Underwritten DSCR / DSCR at Cap:	2.39x / 1.46x
# of Units:	456
Collateral:	Fee Simple
Location:	Clinton Township, Sterling Heights and Shelby Township, MI
Property Sub-type:	Independent Living
Year Built / Renovated:	Various
Occupancy:	2013 2012 2011 2010
Pine Ridge Of Garfield	98.2% 97.1% 98.4% 92.9%
Pine Ridge Of Plumbrook	94.2% 96.5% 95.7% 86.2%
Villas Of Shelby	93.7% 91.8% 86.6% 82.8%
Pine Ridge Of Hayes	95.0% 93.9% 97.7% 95.0%
Underwritten / Most Recent NCF:	\$4,681,835 / \$5,421,805
Avg. Effective Ann. Rent/Unit:	2013 2012 2011 2010
Pine Ridge Of Garfield	\$34,583 \$33,472 \$32,434 \$31,426
Pine Ridge Of Plumbrook	\$30,195 \$29,506 \$29,061 \$29,889
Villas Of Shelby	\$26,374 \$24,795 \$22,560 \$21,262
Pine Ridge Of Hayes	\$29,540 \$29,102 \$28,134 \$27,259

(1) Consists of four (4) underlying mortgage loans that are cross-collateralized and cross-defaulted with each other.

Generally. The underlying mortgage loans (the “Michigan Independent Living Portfolio Mortgage Loans”) are each secured by one mortgaged real property operated as an independent living facility that offers various common area and unit amenities to residents.

Property Management. SRC of Michigan, LLC, an affiliate of the sponsor, is the property manager for the mortgaged real properties securing the Michigan Independent Living Portfolio Mortgage Loans.

Competitive Conditions. The mortgaged real properties, Pine Ridge Of Garfield, Pine Ridge Of Plumbrook, Villas Of Shelby and Pine Ridge Of Hayes, respectively, are located in the cities of Clinton Township, Sterling Heights, Shelby Township and Sterling Heights, Michigan. With respect to Pine Ridge Of Plumbrook, Villas Of Shelby and Pine Ridge Of Hayes, each mortgaged real property is one (1) of six (6) comparable independent living facilities serving the same sub-market. With respect to Pine Ridge Of Garfield, the mortgaged real property is one (1) of seven (7) comparable independent living facilities serving the same sub-market.

Tenant Concentration. At the time of underwriting, the tenant concentration at each property was 100.0% independent living.

4. Village At Proprietors Green



Original Principal Balance:	\$38,350,000	
Cut-off Date Principal Balance:	\$38,350,000	
Maturity Date Principal Balance:	\$34,871,281	
% of Initial Mortgage Pool Balance:	10.0%	
Loan Purpose:	Acquisition	
Interest Rate:	L+2.450%	
LIBOR Strike Price / Cap Provider:	3.800% / Barclays Bank PLC	
First Payment Date:	January 1, 2014	
Maturity Date:	December 1, 2018	
Amortization:	IO (12), then amortizing 30-year schedule	
Call Protection:	L(23) 2%(12) 1%(21) O(4)	
Cash Management:	N/A	
Cut-off Date Principal Balance /Unit:	\$257,383	
Maturity Date Principal Balance / Unit:	\$234,035	
Cut-off Date LTV:	65.0%	
Maturity Date LTV:	59.1%	
Underwritten DSCR / DSCR at Cap:	1.68x / 1.10x	
# of Units:	149	
Collateral:	Fee Simple	
Location:	Marshfield, MA	
Property Sub-type:	Independent Living	
Year Built / Renovated:	2010 / N/A	
Occupancy:	2013 (T-8)	2012 (T-10)
	92.9%	85.4%
Underwritten / Most Recent NCF:	\$3,124,054 / \$3,172,509	
Avg. Effective Ann. Rent/Unit:	2013 (T-8)	2012 (T-10)
	\$57,121	\$57,319

Generally. The underlying mortgage loan (the “Village At Proprietors Green Mortgage Loan”) is secured by one mortgaged real property operated as an independent living facility that offers independent living, assisted living and memory care services to residents. The property is improved with a four-story, 149-unit independent and assisted living facility and is situated on approximately 9.4 acres of land.

Property Management. Welch VPG Management LLC, a third party management company, is the property manager for the mortgaged real property securing the Village At Proprietors Green Mortgage Loan.

Competitive Conditions. The Village At Proprietors Green property is located in the city of Marshfield, Plymouth County, within the Boston MSA. The mortgaged real property is one (1) of eight (8) comparable independent living facilities serving the same sub-market.

Tenant Concentration. At the time of underwriting, the tenant concentration was 53.0% independent living, 31.0% assisted living and 16.0% memory care.

5. The Hallmark Of Creve Coeur



Original Principal Balance:	\$38,445,000
Cut-off Date Principal Balance:	\$37,793,285
Maturity Date Principal Balance:	\$31,902,775
% of Initial Mortgage Pool Balance:	9.8%
Loan Purpose:	Refinance
Interest Rate:	L+2.260%
LIBOR Strike Price / Cap Provider	3.740% / Wells Fargo Bank, National Association
First Payment Date:	September 1, 2013
Maturity Date:	August 1, 2020
Amortization:	30-year schedule
Call Protection:	L(11) 2%(60) 1%(9) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$173,364
Maturity Date Principal Balance / Unit:	\$146,343
Cut-off Date LTV:	73.7%
Maturity Date LTV:	62.2%
Underwritten DSCR / DSCR at Cap:	1.82x / 1.20x
# of Units:	218
Collateral:	Fee Simple
Location:	Creve Coeur, MO
Property Sub-type:	Independent Living
Year Built / Renovated:	2002 / N/A
Occupancy:	97.2% (3/31/2014)
Underwritten / Most Recent NCF:	\$3,305,910 / \$3,536,028

6. Trillium Place



Original Principal Balance:	\$36,585,000
Cut-off Date Principal Balance:	\$35,970,095
Maturity Date Principal Balance:	\$30,402,466
% of Initial Mortgage Pool Balance:	9.4%
Loan Purpose:	Refinance
Interest Rate:	L+2.310%
LIBOR Strike Price / Cap Provider	3.690% / Barclays Bank PLC
First Payment Date:	September 1, 2013
Maturity Date:	August 1, 2020
Amortization:	30-year schedule
Call Protection:	L(11) 2%(60) 1%(9) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$168,085
Maturity Date Principal Balance / Unit:	\$142,068
Cut-off Date LTV:	73.7%
Maturity Date LTV:	62.3%
Underwritten DSCR / DSCR at Cap:	1.83x / 1.22x
# of Units:	214
Collateral:	Fee Simple
Location:	Columbus, OH
Property Sub-type:	Independent Living
Year Built / Renovated:	2002 / N/A
Occupancy:	85.5% (3/31/2014)
Underwritten / Most Recent NCF:	\$3,180,395 / \$3,326,903

7. Horizon Bay At Hyde Park



Original Principal Balance:	\$35,000,000
Cut-off Date Principal Balance:	\$35,000,000
Maturity Date Principal Balance:	\$32,045,067
% of Initial Mortgage Pool Balance:	9.1%
Loan Purpose:	Refinance
Interest Rate:	L+2.900%
LIBOR Strike Price / Cap Provider	N/A / N/A
First Payment Date:	January 1, 2014
Maturity Date:	December 1, 2020
Amortization:	IO (36), then amortizing 30-year schedule
Call Protection:	L(11) 1%(69) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$261,194
Maturity Date Principal Balance / Unit:	\$239,142
Cut-off Date LTV:	59.9%
Maturity Date LTV:	54.9%
Underwritten DSCR / DSCR at Cap:	1.92x / N/A
# of Units:	134
Collateral:	Fee Simple
Location:	Tampa, FL
Property Sub-type:	Assisted Living
Year Built / Renovated:	2011 / N/A
Occupancy:	100.0% (12/31/2013)
Underwritten / Most Recent NCF:	\$3,449,443 / \$3,501,564

8. Harvard Square



Original Principal Balance:	\$21,500,000
Cut-off Date Principal Balance:	\$21,500,000
Maturity Date Principal Balance:	\$19,690,692
% of Initial Mortgage Pool Balance:	5.6%
Loan Purpose:	Acquisition
Interest Rate:	L+2.920%
LIBOR Strike Price / Cap Provider	3.080% / Commonwealth Bank of Australia
First Payment Date:	March 1, 2014
Maturity Date:	February 1, 2021
Amortization:	IO (36), then amortizing 30-year schedule
Call Protection:	5%(11) 4%(12) 3%(12) 2%(12) 1%(33) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$116,216
Maturity Date Principal Balance / Unit:	\$106,436
Cut-off Date LTV:	69.1%
Maturity Date LTV:	63.3%
Underwritten DSCR / DSCR at Cap:	1.68x / 1.20x
# of Units:	185
Collateral:	Fee Simple
Location:	Denver, CO
Property Sub-type:	Assisted Living
Year Built / Renovated:	1981 / 2009
Occupancy:	90.8% (4/30/2014)
Underwritten / Most Recent NCF:	\$1,850,099 / \$1,883,670

9. Arbor Terrace Peachtree City



Original Principal Balance:	\$20,700,000
Cut-off Date Principal Balance:	\$20,700,000
Maturity Date Principal Balance:	\$19,102,356
% of Initial Mortgage Pool Balance:	5.4%
Loan Purpose:	Acquisition
Interest Rate:	L+3.020%
LIBOR Strike Price / Cap Provider:	2.980% / Commonwealth Bank of Australia
First Payment Date:	February 1, 2014
Maturity Date:	January 1, 2021
Amortization:	IO (39), then amortizing 30-year schedule
Call Protection:	3%(11) 2%(12) 1%(57) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$142,759
Maturity Date Principal Balance / Unit:	\$131,740
Cut-off Date LTV:	61.4%
Maturity Date LTV:	56.7%
Underwritten DSCR / DSCR at Cap:	1.62x / 1.17x
# of Units:	145
Collateral:	Fee Simple
Location:	Peachtree City, GA
Property Sub-type:	Independent Living
Year Built / Renovated:	2008 / 2012
Occupancy:	93.4% (4/1/2014)
Underwritten / Most Recent NCF:	\$1,739,772 / \$1,402,643

10. Parkview In Frisco



Original Principal Balance:	\$20,000,000
Cut-off Date Principal Balance:	\$20,000,000
Maturity Date Principal Balance:	\$18,349,416
% of Initial Mortgage Pool Balance:	5.2%
Loan Purpose:	Acquisition
Interest Rate:	L+3.040%
LIBOR Strike Price / Cap Provider:	2.960% / Commonwealth Bank of Australia
First Payment Date:	April 1, 2014
Maturity Date:	March 1, 2021
Amortization:	IO (36), then amortizing 30-year schedule
Call Protection:	5%(11) 4%(12) 3%(12) 2%(12) 1%(33) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$99,502
Maturity Date Principal Balance / Unit:	\$91,291
Cut-off Date LTV:	51.7%
Maturity Date LTV:	47.4%
Underwritten DSCR / DSCR at Cap:	1.60x / 1.16x
# of Units:	201
Collateral:	Fee Simple
Location:	Frisco, TX
Property Sub-type:	Independent Living
Year Built / Renovated:	2008 / N/A
Occupancy:	89.6% (4/30/2014)
Underwritten / Most Recent NCF:	\$1,668,113 / \$1,714,748

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\$326,342,000
(Approximate)

**Multifamily Mortgage Pass-Through Certificates,
Series 2014-KS02**

FREMF 2014-KS02 Mortgage Trust
issuing entity

Wells Fargo Commercial Mortgage Securities, Inc.
depositor

Federal Home Loan Mortgage Corporation
mortgage loan seller and guarantor

We, Wells Fargo Commercial Mortgage Securities, Inc., intend to establish a trust to act as an issuing entity, which we refer to in this information circular as the “issuing entity.” The primary assets of the issuing entity will consist of seventeen (17) mortgage loans secured by seventeen (17) mortgaged real properties that are assisted living and/or independent living facility properties. The mortgage loans included in the issuing entity were originated between January 29, 2013 and February 5, 2014 and had original terms to maturity of five (5), seven (7) or ten (10) years. The issuing entity will issue five (5) classes of certificates (the “series 2014-KS02 certificates”), two (2) of which, referred to in this information circular as the “offered certificates,” are being offered by this information circular, as listed below. The issuing entity will pay interest and/or principal monthly, commencing in June 2014. The offered certificates represent obligations of the issuing entity only (and, solely with respect to certain payments of interest and principal pursuant to a guarantee of the offered certificates described in this information circular, Freddie Mac), and do not represent obligations of or interests in us or any of our affiliates. We do not intend to list the offered certificates on any national securities exchange or any automated quotation system of any registered securities association.

This information circular was prepared solely in connection with the offering and sale of the offered certificates to Freddie Mac.

Investing in the offered certificates involves risks. See “Risk Factors” beginning on page 36 of this information circular.

Offered Classes	Total Initial Principal Balance or Notional Amount	Pass-Through Rate or Description	Assumed Final Distribution Date
Class A	\$ 326,342,000	LIBOR+ 0.3800%*	August 25, 2023
Class X	\$ 383,932,174	Variable IO	August 25, 2023

* Subject to a pass-through rate cap.

Delivery of the offered certificates will be made on or about May 23, 2014. Credit enhancement will be provided by (i) the subordination of certain classes of series 2014-KS02 certificates to certain other classes of such certificates as described in this information circular under “Summary of Information Circular—The Offered Certificates—Subordination,” “—The Offered Certificates—Priority of Distributions” and “Description of the Series 2014-KS02 Certificates—Distributions—Subordination” and (ii) the guarantee of the offered certificates by Freddie Mac as described under “Summary of Information Circular—The Offered Certificates—Freddie Mac Guarantee,” and “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

It is a condition to the issuance of the offered certificates that they be purchased and guaranteed by Freddie Mac as described in this information circular. The obligations of Freddie Mac under its guarantee of the offered certificates are obligations of Freddie Mac only. **Freddie Mac will not guarantee any class of series 2014-KS02 certificates other than the offered certificates.** The offered certificates are not guaranteed by the United States of America (“United States”) and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. Income on the offered certificates has no exemption under federal law from federal, state or local taxation.

Information Circular Dated May 13, 2014

FREMF 2014-KS02 Mortgage Trust

Multifamily Mortgage Pass-Through Certificates Series 2014-KS02

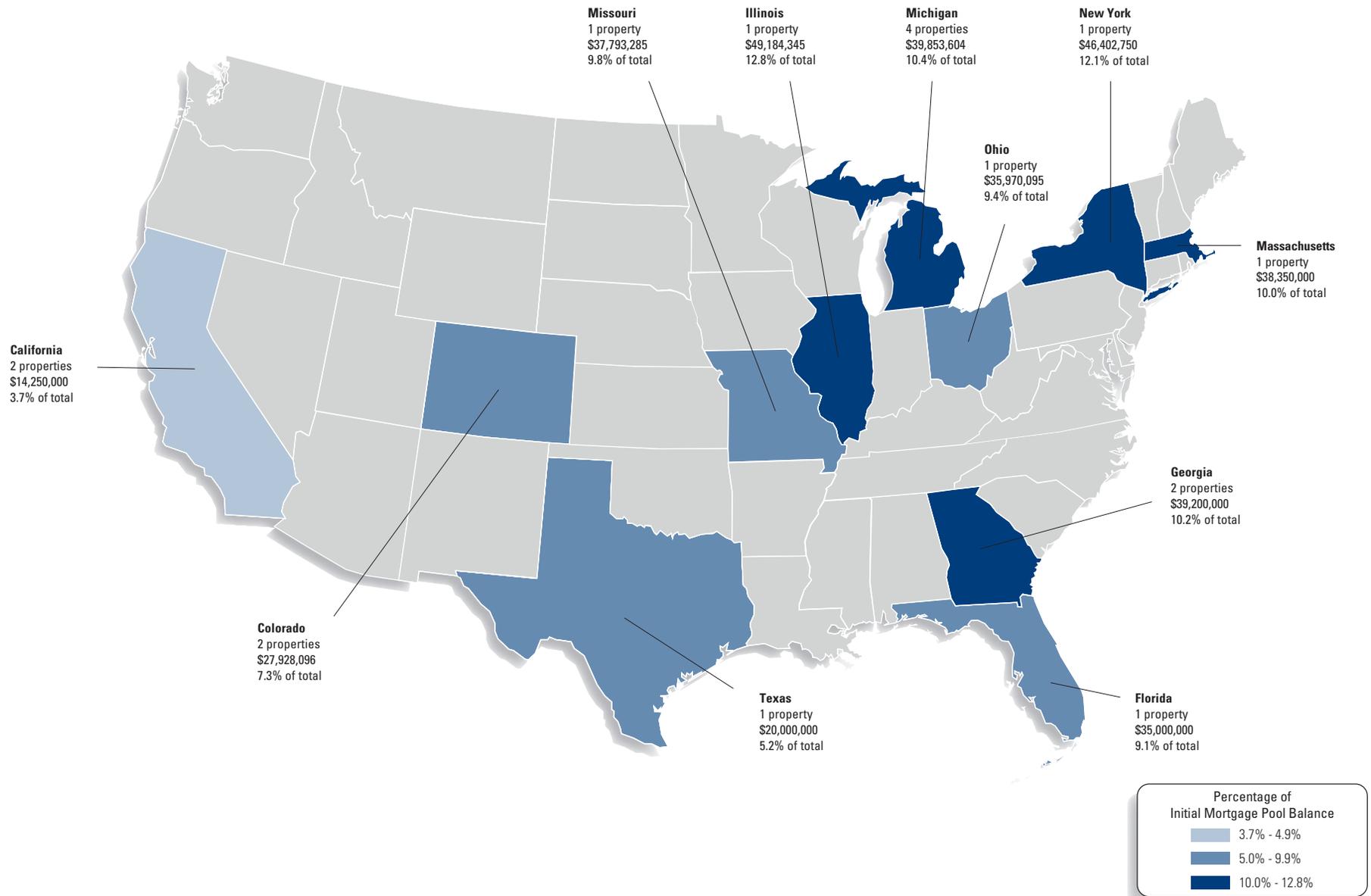


TABLE OF CONTENTS

Information Circular

IMPORTANT NOTICE REGARDING THE CERTIFICATES.....	4
IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS INFORMATION CIRCULAR.....	4
IRS CIRCULAR 230 NOTICE	4
SUMMARY OF INFORMATION CIRCULAR.....	5
RISK FACTORS	36
CAPITALIZED TERMS USED IN THIS INFORMATION CIRCULAR.....	88
FORWARD-LOOKING STATEMENTS	88
DESCRIPTION OF THE ISSUING ENTITY	88
DESCRIPTION OF THE DEPOSITOR.....	89
DESCRIPTION OF THE MORTGAGE LOAN SELLER AND GUARANTOR.....	90
DESCRIPTION OF THE UNDERLYING MORTGAGE LOANS.....	94
SENIOR LIVING FACILITY OPERATIONS	121
DESCRIPTION OF THE SERIES 2014-KS02 CERTIFICATES	131
YIELD AND MATURITY CONSIDERATIONS	153
THE SERIES 2014-KS02 POOLING AND SERVICING AGREEMENT	161
CERTAIN FEDERAL INCOME TAX CONSEQUENCES.....	208
STATE AND OTHER TAX CONSIDERATIONS	219
USE OF PROCEEDS	219
PLAN OF DISTRIBUTION.....	219
LEGAL MATTERS	219
GLOSSARY	220

Exhibits to Information Circular

EXHIBIT A-1	—	CERTAIN CHARACTERISTICS OF THE UNDERLYING MORTGAGE LOANS AND THE RELATED MORTGAGED REAL PROPERTIES
EXHIBIT A-2	—	CERTAIN MORTGAGE POOL INFORMATION
EXHIBIT A-3	—	DESCRIPTION OF THE TOP TEN MORTGAGE LOANS OR GROUPS OF CROSS-COLLATERALIZED MORTGAGE LOANS
EXHIBIT B	—	FORM OF CERTIFICATE ADMINISTRATOR’S STATEMENT TO CERTIFICATEHOLDERS
EXHIBIT C-1	—	MORTGAGE LOAN SELLER’S REPRESENTATIONS AND WARRANTIES
EXHIBIT C-2	—	EXCEPTIONS TO MORTGAGE LOAN SELLER’S REPRESENTATIONS AND WARRANTIES
EXHIBIT D	—	DECREMENT TABLE FOR THE OFFERED PRINCIPAL BALANCE CERTIFICATES
EXHIBIT E	—	PRICE/YIELD TABLE FOR THE CLASS X CERTIFICATES

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

IMPORTANT NOTICE REGARDING THE CERTIFICATES

NONE OF THE DEPOSITOR, THE DEPOSITOR'S AFFILIATES OR FREDDIE MAC WILL RETAIN A 5% NET ECONOMIC INTEREST WITH RESPECT TO THE SERIES 2014-KS02 CERTIFICATES IN ANY OF THE FORMS PRESCRIBED BY ARTICLE 122A OF THE BANKING CONSOLIDATION DIRECTIVE (DIRECTIVE 2006/48/EC, AS AMENDED) ("ARTICLE 122a"). FOR ADDITIONAL INFORMATION REGARDING ARTICLE 122a, SEE "RISK FACTORS—RISKS RELATED TO THE OFFERED CERTIFICATES—LEGAL AND REGULATORY PROVISIONS AFFECTING INVESTORS COULD ADVERSELY AFFECT THE LIQUIDITY OF YOUR INVESTMENT" IN THIS INFORMATION CIRCULAR.

IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS INFORMATION CIRCULAR

THE PLACEMENT AGENTS DESCRIBED IN THIS INFORMATION CIRCULAR MAY FROM TIME TO TIME PERFORM INVESTMENT BANKING SERVICES FOR, OR SOLICIT INVESTMENT BANKING BUSINESS FROM, ANY COMPANY NAMED IN THIS INFORMATION CIRCULAR. THE PLACEMENT AGENTS AND/OR THEIR RESPECTIVE EMPLOYEES MAY FROM TIME TO TIME HAVE A LONG OR SHORT POSITION IN ANY SECURITY OR CONTRACT DISCUSSED IN THIS INFORMATION CIRCULAR.

THE INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR SUPERSEDES ANY PREVIOUS SUCH INFORMATION DELIVERED TO ANY INVESTOR

We provide information to you about the offered certificates in this information circular, which describes the specific terms of the offered certificates.

You should read this information circular in full to obtain material information concerning the offered certificates.

This information circular includes cross-references to sections in this information circular where you can find further related discussions. The Table of Contents in this information circular identifies the pages where these sections are located.

When deciding whether to invest in any of the offered certificates, you should only rely on the information contained in this information circular or as provided in "Description of the Mortgage Loan Seller and Guarantor—Freddie Mac Conservatorship" and "—Litigation Involving Mortgage Loan Seller and Guarantor" in this information circular. We have not authorized any dealer, salesman or other person to give any information or to make any representation that is different. In addition, information in this information circular is current only as of the date on its cover. By delivery of this information circular, we are not offering to sell any securities, and are not soliciting an offer to buy any securities, in any state or other jurisdiction where the offer and sale is not permitted.

IRS CIRCULAR 230 NOTICE

THIS INFORMATION CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL, STATE OR LOCAL TAX PENALTIES. THIS INFORMATION CIRCULAR IS WRITTEN AND PROVIDED BY THE DEPOSITOR IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEPOSITOR OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS INFORMATION CIRCULAR. INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

SUMMARY OF INFORMATION CIRCULAR

This summary highlights selected information from this information circular and does not contain all of the information that you need to consider in making your investment decision. To understand all of the terms of the offered certificates, carefully read this information circular. This summary provides an overview of certain information to aid your understanding and is qualified by the full description presented in this information circular.

Transaction Overview

The offered certificates will be part of a series of multifamily mortgage pass-through certificates designated as the Series 2014-KS02 Multifamily Mortgage Pass-Through Certificates. The series 2014-KS02 certificates will consist of five (5) classes. The table below identifies and specifies various characteristics for those classes other than the class R certificates.

Class ⁽¹⁾	Total Initial Principal Balance or Notional Amount	Approximate % of Total Initial Principal Balance	Approximate Initial Credit Support	Pass-Through Rate or Description	Assumed Weighted Average Life (Years) ^{(2) (3)}	Assumed Principal Window ^{(2) (4)}	Assumed Final Distribution Date ^{(2) (5)}
<u>Offered Certificates:</u>							
A	\$ 326,342,000	85.000%	15.000%	LIBOR + 0.3800% ⁽⁶⁾	6.43	1-111	August 25, 2023
X	\$ 383,932,174	N/A	N/A	Variable IO	6.51	N/A	August 25, 2023
<u>Non-Offered Certificates:</u>							
B	\$ 19,196,000	5.000%	10.000%	LIBOR + 5.0000% ⁽⁶⁾	6.99	1-111	August 25, 2023
C	\$ 38,394,174	10.000%	0.000%	LIBOR + 9.0000% ⁽⁶⁾	6.99	1-111	August 25, 2023

- (1) The class R certificates are not represented in this table and are not being offered by this information circular. The class R certificates will not have a principal balance, notional amount or pass-through rate.
- (2) As to any given class of series 2014-KS02 certificates shown in this table, the assumed weighted average life, the assumed principal window and the Assumed Final Distribution Date have been calculated based on the Modeling Assumptions, including, among other things, that—
 - (i) there are no voluntary or involuntary prepayments with respect to the underlying mortgage loans,
 - (ii) there are no delinquencies, modifications or losses with respect to the underlying mortgage loans,
 - (iii) there are no modifications, extensions, waivers or amendments affecting the monthly debt service or balloon payments by borrowers on the underlying mortgage loans, and
 - (iv) the offered certificates are not redeemed prior to their Assumed Final Distribution Date pursuant to the clean-up call described under the heading “—The Offered Certificates—Optional Termination” below.
- (3) As to any given class of series 2014-KS02 certificates shown in this table, other than the class X certificates, the assumed weighted average life is the average amount of time in years between the assumed settlement date for the series 2014-KS02 certificates and the payment of each dollar of principal on that class. As to the class X certificates, the assumed weighted average life is the average amount of time in years between the assumed settlement date for that class of certificates and the application of each dollar to be applied in reduction of the notional amount of that class of certificates.
- (4) As to any given class of series 2014-KS02 certificates shown in this table, other than the class X certificates, the assumed principal window is the period during which holders of that class are expected to receive distributions of principal.
- (5) As to any given class of series 2014-KS02 certificates shown in this table, other than the class X certificates, the Assumed Final Distribution Date is the distribution date on which the last distribution of principal and interest is assumed to be made on that class. As to the class X certificates, the Assumed Final Distribution Date is the distribution date on which the last reduction to the notional amount occurs and the last distribution of interest is assumed to be made with respect to the class X certificates.
- (6) For each distribution date, LIBOR will be determined as described under “Description of the Underlying Mortgage Loans – Certain Terms and Conditions of the Underlying Mortgage Loans” in this information circular. The pass-through rates for the class A, B and C certificates will be subject to pass-through rate caps equal to (a) with respect to the class A certificates, the Weighted Average Net Mortgage Pass-Through Rate minus the Guarantee Fee Rate and (b) with respect to the class B and C certificates, the Weighted Average Net Mortgage Pass-Through Rate minus the CREFC[®] Intellectual Property Royalty License Fee Rate. LIBOR for the first Interest Accrual Period for the class A, B and C certificates will be 0.1505%.

In reviewing the foregoing table, please note that:

- Only the class A and X certificates are offered by this information circular.
- The class A certificates constitute the sole class of offered principal balance certificates (the “Offered Principal Balance Certificates”).
- All of the classes of certificates in the table on page 5, except the class X certificates, will have principal balances. All of the classes shown in that table will bear interest. The series 2014-KS02 certificates with principal balances constitute the “series 2014-KS02 principal balance certificates.” The class X certificates constitute the “interest-only certificates.”
- The initial principal balance or notional amount of any class shown in the table on page 5 may be larger or smaller depending on, among other things, the actual initial mortgage pool balance. The initial mortgage pool balance may be 5% more or less than the amount shown in the table on page 34 of this information circular. The initial mortgage pool balance refers to the aggregate principal balance of the underlying mortgage loans as of their respective due dates in May 2014, after application of all payments of principal due with respect to the underlying mortgage loans on or before those due dates, whether or not received.
- Each class of series 2014-KS02 certificates shown on the table on page 5 will bear interest and such interest will accrue based on the basis of a 360-day year and the actual number of days elapsed in the applicable Interest Accrual Period.
- Each class identified in the table on page 5 as having a pass-through rate of LIBOR plus a specified margin has a *per annum* pass-through rate equal to the lesser of—
 - (i) LIBOR plus the specified margin for that class set forth in that table; and
 - (ii)(a) with respect to the class A certificates, the Weighted Average Net Mortgage Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate and (b) with respect to the class B and C certificates, the Weighted Average Net Mortgage Pass-Through Rate for the related distribution date minus the CREFC[®] Intellectual Property Royalty License Fee Rate.
- To the extent that the pass-through rate for the class B or C certificates for any distribution date is capped at the rate set forth in clause (ii) of the preceding bullet, the holders of such certificates, in order of seniority (*i.e.*, first to the class B certificates and then to the class C certificates), will be entitled to an additional interest payment equal to the difference between (i) LIBOR plus the specified margin and (ii) the applicable capped rate described in clause (ii) of the preceding bullet, to the extent of funds available for such payment as described in this information circular (such additional interest, “Additional Interest Distribution Amounts”). We cannot assure you that any Additional Interest Distribution Amounts will ever be payable. See “Description of the Series 2014-KS02 Certificates— Distributions” in this information circular.
- For purposes of calculating the accrual of interest as of any date of determination, the class X certificates will have a notional amount that is equal to the then total outstanding principal balances of the principal balance certificates.
- The pass-through rate for the class X certificates for any Interest Accrual Period will equal the weighted average of the Class X Strip Rates (weighted based upon the relative sizes of their respective components). The “Class X Strip Rates” means, for the purposes of calculating the pass-through rate for the class X certificates, the rates *per annum* at which interest accrues from time to time on the three (3) components of the notional amount of the class X certificates outstanding immediately prior to the related distribution date. For each class of principal balance certificates, the class X certificates will have a component that will have a notional amount equal to the outstanding principal balance of that class of certificates. For purposes of calculating the pass-through rate for the class X certificates for each Interest Accrual Period, (a) the Class X Strip Rate with respect to the component related to the class A certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for the related

distribution date minus the Guarantee Fee Rate, over (ii) the pass-through rate for the class A certificates; and (b) the applicable Class X Strip Rate with respect to the components related to the class B or C certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for such distribution date minus the CREFC[®] Intellectual Property Royalty License Fee Rate over (ii) the pass-through rate for the class B or C certificates, as applicable. In no event may any Class X Strip Rate be less than zero. The amount of interest allocated for distribution on the class X certificates on any distribution date will be distributed in the following order of priority: *first*, to the class X certificates in an amount up to the Class X Interest Distribution Amount, *second*, sequentially to (a) the class B certificates, in an amount up to the amount of any Unpaid Interest Shortfall remaining unpaid on such class after the distribution of the Available Distribution Amount on such distribution date and (b) the class C certificates, in an amount up to the amount of any Unpaid Interest Shortfall remaining unpaid on such class after the distribution of the Available Distribution Amount on such distribution date, *provided, however*, that in the case of the class C certificates, in the event that there remains any Outstanding Guarantor Reimbursement Amounts on such distribution date, the lesser of (x) the amount of the shortfall payable on the class C certificates in this clause (b) without giving effect to this proviso and (y) the amount of any Outstanding Guarantor Reimbursement Amounts, will be payable to the Guarantor, *third*, sequentially to the class B and C certificates, in that order, in an amount up to the amount of such class's Additional Interest Distribution Amount, if any, payable on such distribution date and *fourth*, sequentially to the class B and C certificates, in that order, in an amount up to the amount of any shortfall in the amount of Additional Interest Shortfall Amount, if any, remaining unpaid on such class after the distribution of the Available Distribution Amount on such distribution date.

- The “Net Mortgage Pass-Through Rate” as used in this information circular, means, as to any particular underlying mortgage loan, an annual interest rate that is generally equal to the related mortgage interest rate in effect as of the date of initial issuance of the offered certificates (unless such rate is increased as a result of a modification, but for the avoidance of doubt, not decreased), minus the sum of the annual rates at which the master servicing fee, the sub-servicing fee, the certificate administrator fee and the trustee fee are calculated.

See “Description of the Series 2014-KS02 Certificates—Distributions—Calculation of Pass-Through Rates” in this information circular.

The document that will govern the issuance of the series 2014-KS02 certificates, the creation of the related issuing entity and the servicing and administration of the underlying mortgage loans will be a pooling and servicing agreement to be dated as of May 1, 2014, among us, as depositor, U.S. Bank National Association, as trustee, certificate administrator and custodian, Wells Fargo Bank, National Association, as master servicer and special servicer, and Freddie Mac.

The series 2014-KS02 certificates will evidence the entire beneficial ownership of the issuing entity that we intend to establish. The primary assets of that issuing entity will be a segregated pool of mortgage loans, all of which are secured by assisted living or independent living facilities. The mortgage loans included in the issuing entity were originated between January 29, 2013 and February 5, 2014. See “Risk Factors—Risks Related to Underlying Mortgage Loans—Certain Of The Underlying Mortgage Loans Are Seasoned Loans” in this information circular. The underlying mortgage loans will provide for monthly debt service payments and, except as described under “—The Underlying Mortgage Loans” below, will have LIBOR-based floating mortgage interest rates that, except with respect to two (2) of the underlying mortgage loans, have the benefit of interest rate cap agreements with third-party providers, as described under “—The Underlying Mortgage Loans” below. We will acquire the underlying mortgage loans, for deposit in the issuing entity, from the mortgage loan seller. As of the applicable due dates in May 2014 for the underlying mortgage loans (which will be May 1, 2014, subject, in some cases, to a next succeeding business day convention), which we refer to in this information circular as the “Cut-off Date,” the underlying mortgage loans will have the general characteristics discussed under the heading “—The Underlying Mortgage Loans” below.

Relevant Parties/Entities

Issuing Entity	FREMF 2014-KS02 Mortgage Trust, a New York common law trust, will be formed on the Closing Date pursuant to a pooling and servicing agreement by and among the depositor, the trustee, the custodian, the certificate administrator, the master servicer, the special servicer and Freddie Mac. See “Description of the Issuing Entity” in this information circular.
Mortgage Loan Seller	Freddie Mac, a corporate instrumentality of the United States of America (“ <u>United States</u> ”) created and existing under Title III of the Emergency Home Finance Act of 1970, as amended (the “ <u>Freddie Mac Act</u> ”), or any successor to it, will act as the mortgage loan seller. Freddie Mac maintains an office at 8200 Jones Branch Drive, McLean, Virginia 22102. See “Description of the Mortgage Loan Seller and Guarantor” in this information circular.
Depositor	Wells Fargo Commercial Mortgage Securities, Inc., a North Carolina corporation, will create the issuing entity and transfer the subject underlying mortgage loans to it. We are an affiliate of Wells Fargo Bank, National Association, which will be the master servicer and the special servicer. We are also an affiliate of Wells Fargo Securities, LLC, which will be the initial purchaser of the series 2014-KS02 certificates and is one of the placement agents for the Series K-S02 SPCs. Our principal executive office is located at 375 Park Avenue, 2nd Floor, New York, New York 10152. All references to “we,” “us” and “our” in this information circular are intended to mean Wells Fargo Commercial Mortgage Securities, Inc. See “Description of the Depositor” in this information circular.
Originators	Each underlying mortgage loan was originated by one of Berkadia Commercial Mortgage LLC, CBRE Capital Markets, Inc., Greystone Servicing Corporation, Inc. and KeyBank National Association (successor to KeyCorp Real Estate Capital Markets, Inc.), and was acquired by the mortgage loan seller.
Master Servicer	Wells Fargo Bank, National Association, a national banking association, will act as master servicer with respect to the underlying mortgage loans. Wells Fargo Bank, National Association will also be the special servicer. In addition, Wells Fargo Bank, National Association is an affiliate of Wells Fargo Commercial Mortgage Securities, Inc., which will be the depositor, and Wells Fargo Securities, LLC, which will be the initial purchaser of the series 2014-KS02 certificates and is one of the placement agents for the Series K-S02 SPCs. The principal west coast commercial mortgage master servicing offices of the master servicer are located at MAC A0227-020, 1901 Harrison Street, Oakland, California 94612. The principal east coast commercial mortgage master servicing offices of the master servicer are located at MAC D1086-120, 550 South Tryon Street, Charlotte, North Carolina 28202. As of the Closing Date, certain of the underlying mortgage loans will be sub-serviced by various sub-servicers pursuant to sub-servicing agreements between the master servicer and each of the sub-servicers. Subject to meeting certain requirements, each originator has the right to, and may, appoint itself or its affiliate as the sub-servicer of the underlying mortgage loans it

originated. See Exhibit A-1 to this information circular to determine the originator for each underlying mortgage loan.

As consideration for servicing the underlying mortgage loans, the master servicer will receive a master servicing fee and sub-servicing fee with respect to each underlying mortgage loan. The master servicing fee is equal to 0.0200% per annum on the Stated Principal Balance of each underlying mortgage loan, including each Specially Serviced Mortgage Loan. The sub-servicing fee with respect to each underlying mortgage loan ranges from 0.0500% per annum to 0.1300% per annum on the Stated Principal Balance of such underlying mortgage loan, including each Specially Serviced Mortgage Loan. The master servicing fee and the sub-servicing fees are components of the “Administration Fee Rate” set forth on Exhibit A-1 to this information circular. Such fees are calculated on the same basis as interest on the underlying mortgage loan and will be paid out of interest payments received from the related borrower prior to any distributions being made on the offered certificates. The master servicer will also be entitled to additional servicing compensation in the form of borrower-paid fees as more particularly described in this information circular.

See “The Series 2014-KS02 Pooling and Servicing Agreement—The Master Servicer and the Special Servicer” in this information circular.

Special Servicer.....

Wells Fargo Bank, National Association, a national banking association, will act as special servicer with respect to the underlying mortgage loans. Wells Fargo Bank, National Association will also be the master servicer. In addition, Wells Fargo Bank, National Association is an affiliate of Wells Fargo Commercial Mortgage Securities, Inc., which will be the depositor, and Wells Fargo Securities, LLC, which will be the initial purchaser of the series 2014-KS02 certificates and is one of the placement agents for the Series K-S02 SPCs. The principal west coast commercial mortgage special servicing offices of the special servicer are located at MAC A0227-020, 1901 Harrison Street, Oakland, California 94612. The principal east coast commercial mortgage special servicing offices of the special servicer are located at MAC D1086-120, 550 South Tryon Street, Charlotte, North Carolina 28202. The special servicer will, in general, be responsible for servicing and administering:

- underlying mortgage loans that, in general, are in default or as to which default is reasonably foreseeable; and
- any real estate acquired by the issuing entity upon foreclosure of a defaulted underlying mortgage loan.

As consideration for servicing each underlying mortgage loan that is being specially serviced and each underlying mortgage loan as to which the corresponding mortgaged real property has become subject to a foreclosure proceeding, the special servicer will receive a special servicing fee that will accrue at a rate of 0.2500% per annum on the Stated Principal Balance of the underlying mortgage loan. Such fee is calculated on the same basis as interest on the underlying mortgage loan and will generally be payable to the special servicer monthly from collections on the underlying mortgage loans. Additionally, the special servicer will, in general, be entitled to receive a work-out fee with respect to each Specially Serviced Mortgage Loan in the issuing entity

that has been returned to performing status. The work-out fee will be payable out of, and will generally be calculated by application of a work-out fee rate of 1.0% to, each payment of interest (other than default interest) and principal received on the underlying mortgage loan for so long as it remains a worked-out mortgage loan. The special servicer will also be entitled to receive a liquidation fee with respect to each Specially Serviced Mortgage Loan in the issuing entity for which it obtains a full, partial or discounted payoff or otherwise recovers Liquidation Proceeds. As to each Specially Serviced Mortgage Loan and REO Property in the issuing entity, the liquidation fee will generally be payable from, and will be calculated by application of a liquidation fee rate of 1.0% to, the related payment or proceeds, net of liquidation expenses, subject to exceptions for certain purchases by the series 2014-KS02 directing certificateholder, the mortgage loan seller or the special servicer. The special servicer may be terminated by the series 2014-KS02 directing certificateholder, who, subject to limitations set forth in the series 2014-KS02 pooling and servicing agreement, may appoint a replacement special servicer. See “The Series 2014-KS02 Pooling and Servicing Agreement—The Master Servicer and the Special Servicer” in this information circular.

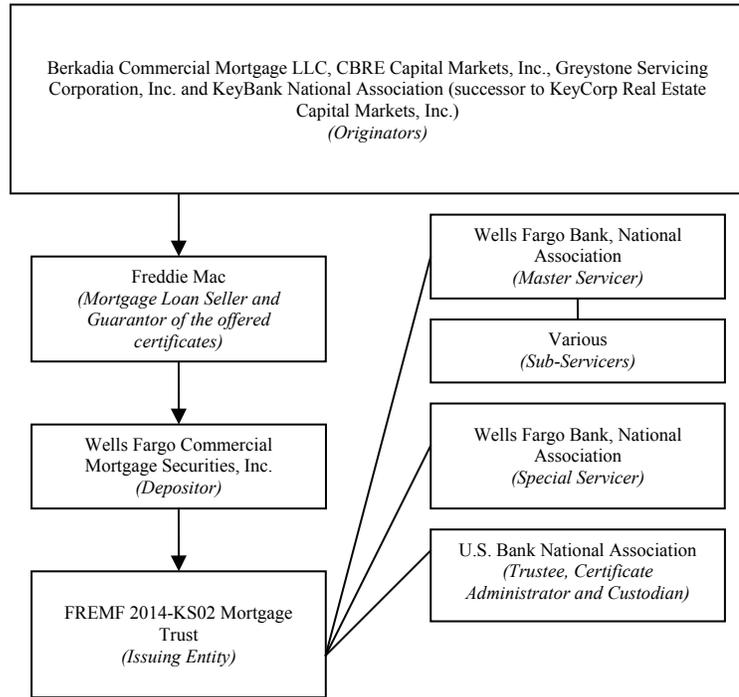
**Trustee, Certificate Administrator
and Custodian.....**

U.S. Bank National Association, a national banking association, will act as the trustee on behalf of the series 2014-KS02 certificateholders. It maintains a trust office at 190 S. LaSalle Street, 7th Floor, Mail Code MK-IL-SL7C, Chicago, Illinois 60603. As consideration for acting as trustee, U.S. Bank National Association will receive a trustee fee of 0.0020% per annum on the Stated Principal Balance of each underlying mortgage loan. The trustee fee is a component of the “Administration Fee Rate” set forth on Exhibit A-1 to this information circular. Such fee will be calculated on the same basis as interest on the underlying mortgage loans. See “The Series 2014-KS02 Pooling and Servicing Agreement—The Trustee, Certificate Administrator and Custodian” in this information circular.

U.S. Bank National Association will also act as the certificate administrator, custodian and certificate registrar. The certificate administrator’s principal address is 190 S. LaSalle Street, 7th Floor, Mail Code MK-IL-SL7C, Chicago, Illinois 60603 (and for certificate transfer purposes, 111 Fillmore Avenue, St. Paul, Minnesota 55107, Attention: Bondholder Services – FREMF 2014-KS02), and it has a custodial office at 1113 Rankin Street, Suite 100, St. Paul, Minnesota 55116, Attention: Multifamily Mortgage Pass-Through Certificates, Series 2014-KS02, FREMF 2014-KS02 Mortgage Trust. As consideration for acting as certificate administrator, custodian and certificate registrar, U.S. Bank National Association will receive a certificate administrator fee of 0.0030% per annum on the Stated Principal Balance of each underlying mortgage loan. The certificate administrator fee is a component of the “Administration Fee Rate” set forth on Exhibit A-1 to this information circular. Such fee will be calculated on the same basis as interest on the underlying mortgage loans. See “The Series 2014-KS02 Pooling and Servicing Agreement—The Trustee, Certificate Administrator and Custodian” in this information circular.

Parties

The following diagram illustrates the various parties involved in the transaction and their functions.



Series 2014-KS02 Directing Certificateholder

The series 2014-KS02 directing certificateholder initially will be a certificateholder or any designee selected by holders of series 2014-KS02 certificates representing a majority interest in the series 2014-KS02 class C certificates, until the outstanding principal balance of such class is less than 2.50% of the aggregate of the outstanding principal balances of the class A, B and C certificates. Thereafter, the series 2014-KS02 directing certificateholder will be a certificateholder or any designee selected by holders of series 2014-KS02 certificates representing a majority interest in the series 2014-KS02 class B certificates, until the outstanding principal balance of such class divided by the aggregate of the outstanding principal balances of the class A and B certificates is less than the product of (i) its initial principal balance divided by the aggregate of the initial principal balances of the class A, B and C certificates and (ii) 30%. Thereafter, Freddie Mac will act as the series 2014-KS02 directing certificateholder. For the purpose of determining whether the series 2014-KS02 directing certificateholder is an affiliate of the borrower with respect to any underlying mortgage loan, the “series 2014-KS02 directing certificateholder” will include the series 2014-KS02 directing certificateholder (and any affiliate), any managing member of the series 2014-KS02 directing certificateholder and any party directing or controlling the series 2014-KS02 directing certificateholder or any affiliate, including, for example, in connection with any re-securitization of the Controlling Class.

As and to the extent described under “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this information circular, the series 2014-KS02 directing certificateholder may direct the master servicer or special servicer with respect to various servicing matters involving each of the underlying mortgage loans. However, upon the occurrence and during the continuance of any Affiliated Borrower Loan Event with respect to any underlying mortgage loan, the series 2014-KS02 directing certificateholder’s (i) right to approve and consent to certain actions with respect to such underlying mortgage loan, (ii) right to purchase any such defaulted underlying mortgage loan from the issuing entity and (iii) access to certain information and reports regarding such underlying mortgage loan will be restricted as described in “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” and “—Purchase Option,” as applicable, in this information circular. Upon the occurrence and during the continuance of an Affiliated Borrower Loan Event, the special servicer will be required to exercise any approval, consent, consultation or other rights with respect to any matters related to an Affiliated Borrower Loan as described in “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this information circular.

It is anticipated that KS02 Series B Owner, LLC, a Delaware limited liability company, and an affiliate of Ventas REIT, Inc., a Delaware corporation, will be designated to serve as the initial series 2014-KS02 directing certificateholder (the “Initial Series 2014-KS02 Directing Certificateholder”). As of the Closing Date, no Affiliated Borrower Loan Event is expected to exist with respect to the Initial Series 2014-KS02 Directing Certificateholder.

Guarantor..... Freddie Mac will act as guarantor of the series 2014-KS02 class A and X certificates offered by this information circular. Freddie Mac is entitled to a Guarantee Fee as described under “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular. For a discussion of the Freddie Mac Guarantee, see “—The Offered Certificates—Freddie Mac Guarantee” and “Description of the Mortgage Loan Seller and Guarantor—Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis” in this information circular.

Junior Loan Holder Freddie Mac will be the holder of second priority liens, subject to intercreditor agreements, on mortgaged real properties securing certain of the underlying mortgage loans if the related borrowers exercise their options to obtain secondary secured financing as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this information circular.

Significant Dates and Periods

Cut-off Date..... The underlying mortgage loans will be considered assets of the issuing entity as of May 1, 2014. All payments and collections received on each of the underlying mortgage loans after their applicable due dates in May 2014 (which will be May 1, 2014, subject, in some cases, to a next succeeding business day convention), excluding any payments or

	collections that represent amounts due on or before such due dates, will belong to the issuing entity. May 1, 2014 is considered the Cut-off Date for the issuing entity.
Closing Date	The date of initial issuance for the series 2014-KS02 certificates will be on or about May 23, 2014.
Due Dates	Subject, in some cases, to a next succeeding business day convention, monthly installments of principal and/or interest will be due on the first day of the month with respect to each of the underlying mortgage loans.
Determination Date	The monthly cut-off for collections on the underlying mortgage loans that are to be distributed, and information regarding the underlying mortgage loans that is to be reported, to the holders of the series 2014-KS02 certificates on any distribution date will be the close of business on the determination date in the same month as that distribution date. The determination date will be the 11th calendar day of each month, commencing in June 2014, or, if the 11th calendar day of any such month is not a business day, then the next succeeding business day.
Distribution Date	Distributions of principal and/or interest on the series 2014-KS02 certificates are scheduled to occur monthly, commencing in June 2014. The distribution date will be the 25th calendar day of each month, or, if the 25th calendar day of any such month is not a business day, then the next succeeding business day.
Record Date	The record date for each monthly distribution on a series 2014-KS02 certificate will be the last business day of the prior calendar month. The registered holders of the series 2014-KS02 certificates at the close of business on each record date will be entitled to receive any distribution on those certificates on the following distribution date, except that the final distribution of principal and/or interest on any offered certificate will be made only upon presentation and surrender of that certificate at a designated location.
Collection Period	Amounts available for distribution on the series 2014-KS02 certificates on any distribution date will depend on the payments and other collections received, and any advances of payments due, on or with respect to the underlying mortgage loans during the related Collection Period. Each Collection Period— <ul style="list-style-type: none"> • will relate to a particular distribution date; • will begin when the prior Collection Period ends or, in the case of the first Collection Period, will begin on the Cut-off Date; and • will end at the close of business on the determination date that occurs in the same month as the related distribution date.
Interest Accrual Period	The amount of interest payable with respect to the interest-bearing classes of the series 2014-KS02 certificates on any distribution date will be a function of the interest accrued during the related interest accrual period. The “Interest Accrual Period” means, with respect to (i) the certificates and any distribution date, the period beginning on and including the 25th day of the month preceding the month in which such distribution date occurs (or beginning on and including the Closing Date, in the case of the first distribution date) and ending on

and including the 24th day of the month in which such distribution date occurs and (ii) any underlying mortgage loan and any due date, the calendar month preceding the month in which such due date occurs.

Assumed Final Distribution Date For each class of offered certificates, the applicable date set forth on the cover page.

The Offered Certificates

General The series 2014-KS02 certificates offered by this information circular are the class A and X certificates. Each class of offered certificates will have the initial principal balance or notional amount and pass-through rate set forth or described in the table on page 5 or otherwise described above under “—Transaction Overview”. There are no other securities offered by this information circular.

Collections The master servicer or the special servicer, as applicable, will be required to make reasonable efforts in accordance with the applicable servicing standards to collect all payments due under the terms and provisions of the underlying mortgage loans. Such payments will be deposited in the master servicer’s collection account on a daily basis.

Distributions Funds collected or advanced on the underlying mortgage loans will be distributed on each corresponding distribution date, net of (i) specified issuing entity expenses, including master servicing fees, special servicing fees, sub-servicing fees, certificate administrator fees, trustee fees, Guarantee Fees, CREFC® Intellectual Property Royalty License Fees, certain expenses, related compensation and indemnities, (ii) amounts used to reimburse advances made by the master servicer or the trustee and (iii) amounts used to reimburse Balloon Guarantor Payments or interest on such amounts.

Priority of Distributions and Subordination In general, if no Waterfall Trigger Event has occurred and is continuing, the class A, B and C certificates will be entitled to receive principal collected or advanced in respect of performing loans on a *pro rata* basis, based on their respective outstanding principal balances relative to the total outstanding principal balances of the certificates. However, if a Waterfall Trigger Event has occurred and is continuing, the class A, B and C certificates will be entitled, in that sequential order, to principal collected or advanced with respect to performing loans, in each case until their respective outstanding principal balances have been reduced to zero. Whether or not a Waterfall Trigger Event has occurred and is continuing, the class A, B and C certificates will be generally entitled to receive, in that sequential order, principal collected or advanced in respect of certain Specially Serviced Mortgage Loans, in each case until their respective outstanding principal balances have been reduced to zero. Distributions of principal to the class B and C certificates will follow reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates.

A “Waterfall Trigger Event” with respect to any distribution date means (a) the number of underlying mortgage loans (other than Specially Serviced Mortgage Loans) held by the issuing entity as of the related determination date is less than or equal to five (5) without regard to any cross-collateralization provision of any underlying mortgage loan or (b) the aggregate stated principal balance of the

underlying mortgage loans (other than Specially Serviced Mortgage Loans) as of the related determination date is less than or equal to 15% of the initial mortgage pool balance without regard to any cross-collateralization provision of any underlying mortgage loan.

In general, the allocation of interest distributions between the class A and X certificates is to be made concurrently on a *pro rata* basis based on the interest accrued with respect to each such class, subject, in the case of the class X certificates, to the payment of Additional Interest Distribution Amounts from amounts otherwise payable to such class. Any Unpaid Interest Shortfalls payable on the class B and C certificates will be payable to such classes in that sequential order prior to payment of any Additional Interest Distribution Amounts to the class B and C certificates. The interest distributions on the class B and C certificates will be made in that sequential order, following interest distributions on the class A and X certificates to which such classes are entitled on the applicable distribution date and following reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates. See “Description of the Series 2014-KS02 Certificates—Distributions—Priority of Distributions” in this information circular. The class X certificates do not have a principal balance and do not entitle holders to distributions of principal.

No form of credit enhancement will be available to you as a holder of offered certificates, other than (a) in the case of class A and X certificates, the subordination of the class B and C certificates to the class A and X certificates, as described above in this “—Priority of Distributions and Subordination” section and (b) the Freddie Mac Guarantee, as described under “—Freddie Mac Guarantee” below and “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

Freddie Mac Guarantee

It is a condition to the issuance of the offered certificates that they be purchased by Freddie Mac and that Freddie Mac guarantee certain payments on the offered certificates, as described in this information circular (the “Freddie Mac Guarantee”). Any Guarantor Payment made to the Offered Principal Balance Certificates in respect of principal will reduce the outstanding principal balance of such class by a corresponding amount and will also result in a corresponding reduction in the notional amount of the corresponding component of the class X certificates. The Freddie Mac Guarantee does not cover Static Prepayment Premiums or any other prepayment premiums related to the underlying mortgage loans. In addition, the Freddie Mac Guarantee does not cover any loss of yield on the class X certificates due to the payment of Additional Interest Distribution Amounts to the class B and C certificates or a reduction in its notional amount resulting from a reduction of the outstanding principal balance of any class of certificates. See “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

Freddie Mac is entitled to a Guarantee Fee as described under “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

The offered certificates are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie

Mac were unable to pay under the Freddie Mac Guarantee, the offered certificates could be subject to losses.

See “Risk Factors—Risks Related to the Offered Certificates—Credit Support Is Limited and May Not Be Sufficient To Prevent Loss on the Offered Certificates” and “Risk Factors—Risks Relating to the Mortgage Loan Seller and Guarantor” in this information circular. Freddie Mac will not guarantee any class of series 2014-KS02 certificates other than the offered certificates.

Interest Distributions

Each class of offered certificates will bear interest that will accrue on an Actual/360 Basis during each Interest Accrual Period based upon:

- the pass-through rate with respect to that class for that Interest Accrual Period; and
- the outstanding principal balance or notional amount, as the case may be, of that class outstanding immediately prior to the related distribution date.

With respect to the distribution date that occurs during June 2014, funds will be deposited on the Closing Date into an interest reserve account in an amount sufficient to pay accrued interest on the series 2014-KS02 certificates from and including the Closing Date through and including June 24, 2014. See “Description of the Series 2014-KS02 Certificates—Initial Interest Reserve Account” in this information circular.

Although the loan documents require the payment of a full month’s interest on any voluntary prepayment not made on a due date, in some instances a whole or partial prepayment on an underlying mortgage loan may not be accompanied by the amount of a full month’s interest on the prepayment. These shortfalls (to the extent not covered by the master servicer as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses” in this information circular) will be allocated, as described under “Description of the Series 2014-KS02 Certificates—Distributions—Interest Distributions” in this information circular, to reduce the amount of accrued interest otherwise payable to the holders of one or more of the interest-bearing classes of series 2014-KS02 certificates, including the offered certificates. However, such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee.

If, for any distribution date, with respect to the class B or C certificates, the Weighted Average Net Mortgage Pass-Through Rate minus the CREFC[®] Intellectual Property Royalty License Fee Rate is less than LIBOR plus the specified margin for any such class of certificates, such class will be entitled to the Additional Interest Accrual Amount for such class and such Interest Accrual Period, to the extent funds are available for payment of such amount from the amount of interest otherwise payable to the class X certificates on the related distribution date.

As described in this information circular, the Additional Interest Accrual Amount distributed on the class B or C certificates, as applicable, for any distribution date may not exceed the excess, if any, of (x) the Class X Interest Accrual Amount for the related Interest Accrual Period, over (y) the aggregate amount of Additional Interest

Accrual Amounts distributable with respect to all classes entitled to Additional Interest Accrual Amounts on such distribution date that are more senior to such class in right of payment.

On each distribution date on which the class B or C certificates are entitled to distributions of Additional Interest Accrual Amounts, the Aggregate Additional Interest Distribution Amount for such distribution date is required to be distributed in the priority described in “Description of the Series 2014-KS02 Certificates—Distributions—Priority of Distributions” in this information circular.

The “Aggregate Additional Interest Distribution Amount” with respect to any distribution date is the lesser of (x) the aggregate of the Additional Interest Accrual Amounts, if any, with respect to the class B and C certificates and (y) an amount equal to the amount, not less than zero, of interest distributable in respect of the Class X Interest Accrual Amount for such distribution date minus the Class X Interest Distribution Amount.

The “Additional Interest Accrual Amount” with respect to any distribution date and the class B or C certificates is the amount, if any, by which interest on the outstanding principal balance of such class for the related Interest Accrual Period calculated at a rate of LIBOR plus the specified margin for such class exceeds the amount of interest accrued on the outstanding principal balance of such class at the Weighted Average Net Mortgage Pass-Through Rate for the related Interest Accrual Period minus the CREFC[®] Intellectual Property Royalty License Fee Rate.

The “Additional Interest Distribution Amount” with respect to any distribution date and the class B or C certificates is an amount equal to the lesser of (x) the Additional Interest Accrual Amount with respect to such class and (y) the amount of the Aggregate Additional Interest Distribution Amount, if any, remaining after distributing Additional Interest Accrual Amounts to all classes entitled to Additional Interest Accrual Amounts on such distribution date that are more senior to such class in right of payment.

The amount of interest payable to the class X certificates on any distribution date will be the Class X Interest Distribution Amount. The “Class X Interest Distribution Amount” means, for each distribution date, the sum of (a) the excess, if any, of the Class X Interest Accrual Amount for such distribution date over the aggregate of the Additional Interest Accrual Amounts, if any, for the class B and C certificates with respect to such distribution date, and (b) the amount described in clause (a) above for all prior distribution dates that remains unpaid on such distribution date.

On each distribution date, subject to available funds and the distribution priorities described under “—Priority of Distributions and Subordination” above, you will be entitled to receive your proportionate share of all unpaid distributable interest accrued with respect to your class of offered certificates for the related Interest Accrual Period if such amounts were not paid pursuant to the Freddie Mac Guarantee. See “Description of the Series 2014-KS02 Certificates—Distributions—Interest Distributions” and “—Distributions—Priority of Distributions” in this information circular.

Principal Distributions Subject to—

- available funds,
- the distribution priorities described under “—Priority of Distributions and Subordination” above, and
- the reductions to the outstanding principal balances described under “—Reductions of Certificate Principal Balances in Connection with Losses and Expenses” below,

the holders of the Offered Principal Balance Certificates will be entitled to receive a total amount of principal over time equal to the outstanding principal balance of such class.

The total distributions of principal to be made on the series 2014-KS02 certificates on any distribution date will, in general, be a function of—

- the amount of scheduled payments of principal due or, in some cases, deemed due, on the underlying mortgage loans during the related Collection Period, which payments are either received as of the end of that Collection Period, advanced by the master servicer and/or the trustee, as applicable, or are the subject of a Balloon Guarantor Payment, and
- the amount of any prepayments and other unscheduled collections of previously unadvanced principal with respect to the underlying mortgage loans that are received during the related Collection Period.

However, if the master servicer or the trustee is reimbursed for any advance (i) that it or the special servicer has determined is not ultimately recoverable out of collections on the related underlying mortgage loan or (ii) that it made with respect to a defaulted underlying mortgage loan that remains unreimbursed following the time that such underlying mortgage loan is modified and returned to performing status (in each case, together with accrued interest on such amounts), such amount will be deemed to be reimbursed first out of payments and other collections of principal on all the underlying mortgage loans (thereby reducing the amount of principal otherwise distributable on the series 2014-KS02 certificates on the related distribution date), prior to being deemed reimbursed out of payments and other collections of interest on all the underlying mortgage loans. See “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” and “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this information circular.

In the event that any borrower fails to pay the entire outstanding principal balance of an underlying mortgage loan on its maturity date, the guarantor will be required, pursuant to the Freddie Mac Guarantee, to make a Balloon Guarantor Payment; *provided* that such payment may not exceed the outstanding principal balance of the Offered Principal Balance Certificates less any principal scheduled to be distributed on the Offered Principal Balance Certificates on such distribution date. The amount of any such Balloon Guarantor Payment made to the Offered Principal Balance Certificates will reduce the

outstanding principal balance of such class by the corresponding amount and will also result in a corresponding reduction in the notional amount of the corresponding component of the class X certificates. See “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular. Each Balloon Guarantor Payment will be reimbursed to the guarantor first from subsequent collections on the related underlying mortgage loan, net of any such collections used to reimburse the master servicer or the trustee, as applicable, for advances made by them (including interest on those advances) on such underlying mortgage loan or on other underlying mortgage loans if determined to be nonrecoverable (and therefore the principal portion of any such subsequent collections will not be included in the Principal Distribution Amount for future distribution dates) and second as described under “Description of the Series 2014-KS02 Certificates—Distributions—Priority of Distributions” in this information circular.

The certificate administrator must make *pro rata* principal distributions, so long as no Waterfall Trigger Event has occurred and is continuing, on the class A, B and C certificates, based on their respective outstanding principal balances relative to the total outstanding principal balances of the certificates and taking account of whether the payments (or advances in lieu of the payments) and other collections of principal that are to be distributed were received and/or made with respect to the underlying mortgage loans, that generally equal an amount (in any event, not to exceed the principal balances of the class A, B and C certificates outstanding immediately prior to the applicable distribution date) equal to the Performing Loan Principal Distribution Amount for such distribution date; *provided* that distributions to class B and C certificates will follow reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates. However, if a Waterfall Trigger Event has occurred and is continuing, the class A certificates will be entitled to the entire Performing Loan Principal Distribution Amount for each distribution date until the outstanding principal balance of the class A certificates has been reduced to zero. Thereafter, the Performing Loan Principal Distribution Amount, or the remaining portion of it on the applicable distribution date, will be allocated, following reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates, in sequential order to the class B and C certificates, in each case until their respective outstanding principal balances have been reduced to zero. Further, the class A certificates will always be entitled to the entire portion of the Specially Serviced Loan Principal Distribution Amount for each distribution date until the outstanding principal balance of the class A certificates has been reduced to zero, at which time, following reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates, the class B and C certificates will be entitled to receive, in that sequential order, any remaining portion of the Specially Serviced Loan Principal Distribution Amount, in each case until their respective outstanding principal balances have been reduced to zero.

The class X certificates do not have a principal balance and are not entitled to any distributions of principal.

See “Description of the Series 2014-KS02 Certificates—Distributions—Principal Distributions” and “—Distributions—Priority of Distributions” in this information circular.

Distributions of Static Prepayment

Premiums

Any Static Prepayment Premium collected in respect of any of the underlying mortgage loans will be distributed to the holders of the class X certificates. See “Description of the Series 2014-KS02 Certificates—Distributions—Distributions of Static Prepayment Premiums” in this information circular.

Reductions of Certificate Principal Balances in Connection with

Losses and Expenses

As and to the extent described under “Description of the Series 2014-KS02 Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this information circular, losses on, and default-related or other unanticipated issuing entity expenses attributable to, the underlying mortgage loans will, in general, be allocated on each distribution date, after making distributions on such distribution date, to reduce the outstanding principal balances of the following classes of the series 2014-KS02 principal balance certificates, sequentially, in the following order:

<u>Reduction Order</u>	<u>Class</u>
1 st	Class C certificates
2 nd	Class B certificates
3 rd	Class A certificates

Any reduction of the outstanding principal balances of the principal balance certificates will also result in a corresponding reduction in the notional amount of the corresponding component of the class X certificates.

Notwithstanding the foregoing, Freddie Mac will be required under its guarantee to pay the holder of any Offered Principal Balance Certificate an amount equal to any such loss allocated to its Offered Principal Balance Certificate as set forth in “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

Advances of Delinquent Monthly

Debt Service Payments

Except as described below in this “—Advances of Delinquent Monthly Debt Service Payments” section, the master servicer will be required to make advances with respect to any delinquent scheduled monthly payments, other than certain payments (including balloon payments), of principal and/or interest due on the underlying mortgage loans. The master servicer will be required to make advances of assumed monthly payments for those underlying mortgage loans that become defaulted upon their maturity dates on the same amortization schedule as if the maturity date had not occurred. In addition, the trustee must make any of those advances that the master servicer fails to make, in each case subject to a nonrecoverability determination. As described under “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular, if the master servicer or the trustee, as applicable, makes an

advance, it will be entitled to be reimbursed for the advance, together with interest at the Prime Rate.

Notwithstanding the foregoing, neither the master servicer nor the trustee will advance master servicing fees or sub-servicing fees. Moreover, neither the master servicer nor the trustee will be required to make any advance that it or the special servicer determines will not be recoverable from proceeds of the related underlying mortgage loan. In making such determination, the master servicer, the trustee or the special servicer may take into account a range of relevant factors, including, among other things, (i) the existence of any outstanding Nonrecoverable Advance or Workout-Delayed Reimbursement Amount on any underlying mortgage loan or REO Loan, (ii) the obligations of the borrower under the related underlying mortgage loan, (iii) the related mortgaged real property in its “as is” condition, (iv) future expenses and (v) the timing of recoveries. In addition, the trustee may conclusively rely on any determination of nonrecoverability made by the master servicer, and the master servicer and the trustee will be required to conclusively rely on any determination of nonrecoverability made by the special servicer.

In addition, if any of the adverse events or circumstances that we refer to under “The Series 2014-KS02 Pooling and Servicing Agreement—Required Appraisals” in this information circular occur or exist with respect to any underlying mortgage loan or the related mortgaged real property, the special servicer will generally be obligated to use reasonable efforts to obtain a new appraisal or, in some cases involving underlying mortgage loans with principal balances of less than \$2,000,000, conduct an internal valuation of that property. If, based on that appraisal or other valuation, it is determined that an Appraisal Reduction Amount exists with respect to the subject underlying mortgage loan, then the amount otherwise required to be advanced (subject to a nonrecoverability determination) with respect to interest on the subject underlying mortgage loan will be reduced. That reduction will generally be in the same proportion that the excess, sometimes referred to in this information circular as an Appraisal Reduction Amount, bears to the Stated Principal Balance of the subject underlying mortgage loan. Due to the distribution priorities, any such reduction in advances will first reduce the funds available to pay interest on the most subordinate interest-bearing class of series 2014-KS02 certificates outstanding and then on the other series 2014-KS02 certificates in reverse sequential order, as follows:

Reduction Order	Class
1 st	Class C certificates
2 nd	Class B certificates
3 rd	Class A and X certificates

Any reduction of the funds available to pay interest on the class A and X certificates will be made on a *pro rata* basis in accordance with the relative amounts of interest to which each such class is entitled from the applicable underlying mortgage loans at the time of the reduction.

There will be no such reduction in any advance for delinquent monthly debt service payments at any time after the total outstanding principal balances of the class B and C certificates have been reduced to zero.

See “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” and “The Series 2014-KS02 Pooling and Servicing Agreement—Required Appraisals” in this information circular.

Reports to Certificateholders.....

On each distribution date, the certificate administrator will be required to provide or make available to any Privileged Person a monthly report substantially in the form of Exhibit B to this information circular. The certificate administrator’s report will be required to detail, among other things, the distributions made to the series 2014-KS02 certificateholders on that distribution date and the performance of the underlying mortgage loans and the mortgaged real properties. The certificate administrator will also be required to make available to any Privileged Person via its website initially located at www.usbank.com/abs, certain underlying mortgage loan information as presented in the standard CREFC Investor Reporting Package® in accordance with the series 2014-KS02 pooling and servicing agreement.

You may also review via the certificate administrator’s website or, upon reasonable prior notice, at the master servicer’s, certificate administrator’s or custodian’s offices during normal business hours, a variety of information and documents that pertain to the underlying mortgage loans and the mortgaged real properties securing those loans. Borrower operating statements, rent rolls and property inspection reports will be available at the office of the master servicer or the special servicer or on the master servicer’s website.

Notwithstanding the foregoing, the trustee, the certificate administrator, the custodian, the master servicer, the special servicer and any sub-servicer may not provide to (i) any person that is a borrower under an underlying mortgage loan or an affiliate of a borrower under an underlying mortgage loan unless such person is the series 2014-KS02 directing certificateholder, (a) any asset status report, inspection report, appraisal or internal valuation, (b) the CREFC® special servicer loan file or (c) certain supplemental reports in the CREFC Investor Reporting Package® or (ii) the series 2014-KS02 directing certificateholder, any asset status report, inspection report, appraisal or internal valuation relating to any Affiliated Borrower Loan. However, such restrictions on providing information will not apply to the master servicer, the special servicer and any sub-servicer if the applicable loan documents expressly require such disclosure to such person as a borrower under an underlying mortgage loan.

See “Description of the Series 2014-KS02 Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular.

Deal Information/Analytics.....

Certain information concerning the underlying mortgage loans and the series 2014-KS02 certificates may be available through the following services:

- BlackRock Financial Management, Inc., Bloomberg, L.P., Trepp, LLC and Intex Solutions, Inc.;
- the certificate administrator’s website initially located at www.usbank.com/abs; and

- the master servicer’s website initially located at www.wellsfargo.com/com.

Sale of Defaulted Loans..... If any underlying mortgage loan becomes delinquent as to any balloon payment or becomes 60 days delinquent as to any other monthly debt service payment (in each case without giving effect to any applicable grace period) or becomes a Specially Serviced Mortgage Loan as a result of any non-monetary event of default, then (subject to the rights of Freddie Mac and the Junior Loan Holder, as described below) the series 2014-KS02 directing certificateholder has an assignable option to purchase that underlying mortgage loan from the issuing entity at the price and on the terms, including the restrictions applicable to Affiliated Borrower Loans and any applicable time limits, described in “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Purchase Option” in this information circular. If the fair value price to be paid by the series 2014-KS02 directing certificateholder or any assignee for the underlying mortgage loan is less than 99% of the purchase price (generally the outstanding principal balance of the underlying mortgage loan, plus (i) accrued and unpaid interest on such underlying mortgage loan (which would include unpaid master servicing fees and sub-servicing fees), (ii) related special servicing fees and, if applicable, liquidation fees payable to the special servicer (to the extent accrued and unpaid or previously paid by the issuing entity), (iii) all related unreimbursed Servicing Advances, (iv) all related Servicing Advances that were previously reimbursed from general collections on the mortgage pool, (v) all accrued and unpaid interest on related Servicing Advances and P&I Advances, (vi) all interest on related Servicing Advances and P&I Advances that was previously reimbursed from general collections on the mortgage pool and (vii) solely if such underlying mortgage loan is being purchased by the borrower or an affiliate of such borrower, all default interest, late payment fees, extension fees and similar fees or charges incurred with respect to such underlying mortgage loan and all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the master servicer, the special servicer, the depositor, the custodian, the certificate administrator and the trustee in respect of such purchase, including, without duplication of any amounts described above in this definition, any expenses incurred prior to such purchase date with respect to such underlying mortgage loan) for such underlying mortgage loan, then Freddie Mac will also have the right to purchase such underlying mortgage loan. In addition, if the Junior Loan Holder is the holder of a second priority lien on an underlying mortgage loan, such Junior Loan Holder will have the first option to purchase such underlying mortgage loan from the issuing entity. See “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans” in this information circular.

Repurchase Obligation..... If the mortgage loan seller has been notified of a defect in any mortgage file or a breach of any of its representations and warranties, or, itself, has discovered any such defect or breach, which, in either case, materially and adversely affects the value of any underlying mortgage loan (including any foreclosure property acquired in respect of any foreclosed mortgage loan) or any interests of the holders of any class of series 2014-KS02 certificates, then the mortgage loan seller will be required to either cure such breach or defect, repurchase the

affected underlying mortgage loan from the issuing entity or, within two (2) years of the Closing Date, substitute the affected underlying mortgage loan with another mortgage loan. If the mortgage loan seller opts to repurchase any affected underlying mortgage loan, such repurchase would have the same effect on the series 2014-KS02 certificates as a prepayment in full of such underlying mortgage loan (without payment of any Static Prepayment Premium). See “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this information circular.

Optional Termination.....

Various parties will each in turn, in the order listed under “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular, have the option to purchase all of the underlying mortgage loans and all other property remaining in the issuing entity on any distribution date on which the total principal balance of the underlying mortgage loans from the perspective of the series 2014-KS02 certificateholders, based on collections and advances of principal on those underlying mortgage loans previously distributed, and losses on those underlying mortgage loans previously allocated, to the series 2014-KS02 certificateholders, is less than 1.0% of the initial mortgage pool balance.

In the event that any party so entitled exercises this option, the issuing entity will terminate and all outstanding series 2014-KS02 certificates will be retired, as described in more detail under “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular.

In addition, after the total outstanding principal balances of the class A and B certificates have been reduced to zero, the Sole Certificateholder (excluding Freddie Mac), with the consent of the master servicer, may exchange all of its series 2014-KS02 certificates (other than the class R certificates) for all of the underlying mortgage loans and each REO Property remaining in the issuing entity as described in more detail under “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular.

Denominations

The offered certificates will be issuable in registered form, in the denominations set forth under “Description of the Series 2014-KS02 Certificates—Registration and Denominations” in this information circular.

Physical Certificates

Freddie Mac will hold the offered certificates in the form of fully registered physical certificates. Freddie Mac will include the offered certificates in pass-through pools that it will form for its series K-S02 structured pass-through certificates (the “Series K-S02 SPCs”).

Legal and Investment Considerations

Federal Income Tax Consequences The certificate administrator will cause elections to be made to treat designated portions of the assets of the issuing entity as two separate real estate mortgage investment conduits under sections 860A through 860G of the Internal Revenue Code of 1986 (the “Code”). There will be the following REMICs:

- the Lower-Tier REMIC, which will consist of, among other things—
 1. the underlying mortgage loans, and
 2. any mortgaged real properties that may be acquired by the issuing entity following a borrower default; and
- the Upper-Tier REMIC, which will hold the regular interests in the Lower-Tier REMIC.

The offered certificates will represent (i) beneficial ownership of regular interests in the Upper-Tier REMIC and (ii) in the case of the class X certificates, the obligation to pay Additional Interest Distribution Amounts, which will be treated as notional principal contracts between the class X certificates and the class B and C certificates, respectively. See “Certain Federal Income Tax Consequences” in this information circular. The regular interests in the Upper-Tier REMIC and notional principal contracts with respect to the class B, C and X certificates will be held in a portion of the trust comprising the Grantor Trust.

The REMIC regular interests beneficially owned by the holders of the offered certificates will be treated as newly issued debt instruments for federal income tax purposes. You will have to report income on the REMIC regular interests represented by the offered certificates in accordance with the accrual method of accounting even if you are otherwise a cash method taxpayer.

For a description of the tax opinions that our counsel will be issuing on the Closing Date and a more detailed discussion of the federal income tax aspects of investing in the offered certificates, see “Certain Federal Income Tax Consequences” in this information circular.

Investment Considerations The rate and timing of payments and other collections of principal on or with respect to the underlying mortgage loans will affect the yield to maturity on each offered certificate.

If you purchase Offered Principal Balance Certificates at a premium, then a faster than anticipated rate of payments and other collections of principal on the underlying mortgage loans could result in a lower than anticipated yield to maturity with respect to those certificates. Conversely, if you purchase Offered Principal Balance Certificates at a discount, a slower than anticipated rate of payments and other collections of principal on the underlying mortgage loans could result in a lower than anticipated yield to maturity with respect to those certificates.

The yield to maturity of the Offered Principal Balance Certificates will be adversely affected if the underlying mortgage loans with higher interest rates are subject to prepayment. This would have the effect of reducing the Net Mortgage Interest Rate of the underlying mortgage loans, which would result in the Offered Principal Balance Certificates being more likely to be subject to the pass-through rate cap on those certificates. This would limit amounts payable as interest on the Offered Principal Balance Certificates.

The yield to maturity on the Offered Principal Balance Certificates will be highly sensitive to changes in the levels of LIBOR such that decreasing levels of LIBOR will have a negative effect on such certificateholders. In addition, prevailing market conditions may increase the margin above LIBOR at which comparable securities are being offered, which would cause the Offered Principal Balance Certificates to decline in value.

If you are contemplating the purchase of class X certificates, you should be aware that—

- the yield to maturity on the class X certificates will be highly sensitive to the rate and timing of principal prepayments and other liquidations on or with respect to the underlying mortgage loans,
- a faster than anticipated rate of payments and other collections of principal on the underlying mortgage loans could result in a lower than anticipated yield to maturity with respect to the class X certificates, and
- an extremely rapid rate of prepayments and/or other liquidations on or with respect to the underlying mortgage loans could result in a substantial loss of your initial investment with respect to the class X certificates.

When trying to determine the extent to which payments and other collections of principal on the underlying mortgage loans will adversely affect the yield to maturity of the class X certificates, you should consider what the notional amount of the class X certificates is and how payments and other collections of principal on the underlying mortgage loans are to be applied to the total outstanding principal balances of the series 2014-KS02 principal balance certificates that make up that notional amount.

In addition, the pass-through rate for the class X certificates is calculated based upon the Weighted Average Net Mortgage Pass-Through Rate. As a result, the pass-through rate (and, accordingly, the yield to maturity) on the class X certificates could be adversely affected if underlying mortgage loans with higher mortgage interest rates experience a faster rate of principal payment than underlying mortgage loans with lower mortgage interest rates. This means that the yield to maturity on the class X certificates will be sensitive to changes in the relative composition of the mortgage pool as a result of scheduled amortization, voluntary and involuntary prepayments and liquidations of the underlying mortgage loans following default. The Weighted Average Net Mortgage Pass-Through Rate will not be affected by modifications, waivers or amendments with respect to the underlying

mortgage loans, except for any modifications, waivers or amendments that increase the mortgage interest rate.

The yield to maturity on the class X certificates will also be adversely affected to the extent distributions of interest otherwise payable to the class X certificates are required to be distributed on the class B or C certificates as Additional Interest Distribution Amounts, as described above under “The Offered Certificates—Interest Distributions.” See “Yield and Maturity Considerations” in this information circular. We have not engaged any nationally recognized statistical rating organization, as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended, to rate any class of the series 2014-KS02 certificates. The absence of ratings may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, the series 2014-KS02 certificates. If your investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities, then you may be subject to restrictions on investment in the series 2014-KS02 certificates. You should consult your own legal advisors for assistance in determining the suitability of and consequences to you of the purchase, ownership, and sale of the series 2014-KS02 certificates.

The Underlying Mortgage Loans

General

We intend to include in the issuing entity seventeen (17) mortgage loans, which we refer to in this information circular as the “underlying mortgage loans” and which are secured by the seventeen (17) assisted living and independent living properties identified on Exhibit A-1 to this information circular. The mortgage loans included in the issuing entity were originated between January 29, 2013 and February 5, 2014 and had original terms to maturity of five (5), seven (7) or ten (10) years. In this section, “—The Underlying Mortgage Loans,” we provide summary information with respect to those underlying mortgage loans. For more detailed information regarding those underlying mortgage loans, you should review the following sections in this information circular:

- “Description of the Underlying Mortgage Loans”;
- “Risk Factors—Risks Related to the Underlying Mortgage Loans”;
- Exhibit A-1—Certain Characteristics of the Underlying Mortgage Loans and the Related Mortgaged Real Properties;
- Exhibit A-2—Certain Mortgage Pool Information; and
- Exhibit A-3—Description of the Top Ten Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans.

When reviewing the information that we have included in this information circular with respect to the underlying mortgage loans, please note that:

- All numerical information provided with respect to the underlying mortgage loans is provided on an approximate basis.

- All weighted average information provided with respect to the underlying mortgage loans reflects a weighting based on their respective Cut-off Date Principal Balances. We will transfer the underlying mortgage loans with their respective Cut-off Date Principal Balances to the issuing entity. We show the Cut-off Date Principal Balance for each of the underlying mortgage loans on Exhibit A-1 to this information circular.
- In calculating the respective Cut-off Date Principal Balances of the underlying mortgage loans, we have assumed that:
 1. all scheduled payments of principal and/or interest due on the underlying mortgage loans on or before their respective due dates in May 2014 are timely made; and
 2. there are no prepayments or other unscheduled collections of principal with respect to any underlying mortgage loans during the period from its due date in April 2014 up to and including May 1, 2014.
- Whenever we refer to the initial mortgage pool balance in this information circular, we are referring to the total Cut-off Date Principal Balance of the entire mortgage pool.
- Some of the underlying mortgage loans are cross-collateralized and cross-defaulted with each other. Unless otherwise indicated, when an underlying mortgage loan is cross-collateralized and cross-defaulted with another underlying mortgage loan, we present the information regarding such group of cross-collateralized and cross-defaulted mortgage loans as separate loans. One exception is that each and every underlying mortgage loan in any group of cross-collateralized and cross-defaulted mortgage loans is treated as having the Cut-off Date loan-to-value ratio and the debt service coverage ratio of such group of cross-collateralized and cross-defaulted mortgage loans. None of the underlying mortgage loans will be cross-collateralized or cross-defaulted with any mortgage loan that is not in the issuing entity.
- When information with respect to mortgaged real properties is expressed as a percentage of the initial mortgage pool balance, the percentages are based upon the Cut-off Date Principal Balances of the related underlying mortgage loans.
- If an underlying mortgage loan is secured by multiple parcels of real property and the operation or management of those parcels so warrants, we treat those parcels as a single parcel of real property.
- Whenever we refer to a particular mortgaged real property by name, we mean the property identified by that name on Exhibit A-1 to this information circular. Whenever we refer to a particular underlying mortgage loan by name, we mean the underlying mortgage loan secured by the mortgaged real property identified by that name on Exhibit A-1 to this information circular.

- Statistical information regarding the underlying mortgage loans may change prior to the date of initial issuance of the offered certificates due to changes in the composition of the mortgage pool prior to that date.

Source of the Underlying

Mortgage Loans

We are not the originator of the underlying mortgage loans. We will acquire the underlying mortgage loans from Freddie Mac, the mortgage loan seller, pursuant to a mortgage loan purchase agreement dated as of the Cut-off Date. Each underlying mortgage loan was originated by one of Berkadia Commercial Mortgage LLC, CBRE Capital Markets, Inc., Greystone Servicing Corporation, Inc. and KeyBank National Association (successor to KeyCorp Real Estate Capital Markets, Inc.), and was acquired by Freddie Mac.

For a description of the underwriting criteria utilized in connection with the origination or acquisition of each of the underlying mortgage loans, see “Description of the Underlying Mortgage Loans—Underwriting Matters” in this information circular.

Payment and Other Terms

Each of the underlying mortgage loans is the obligation of a borrower to repay a specified sum with interest. Interest accrues on each underlying mortgage loan at a *per annum* rate equal to LIBOR plus a specified margin. None of the underlying mortgage loans is subject to any mortgage capped interest rate. With respect to fifteen (15) of the underlying mortgage loans, collectively representing 86.1% of the initial mortgage pool balance, the applicable borrowers purchased interest rate cap agreements from third-party sellers with LIBOR strike prices ranging from 2.740% to 4.550%. The interest rate cap agreements require the interest rate cap providers to pay the applicable borrowers an amount equal to the difference between LIBOR and a specified margin, multiplied by a notional amount at least equal to the principal balance of the related underlying mortgage loan. The borrower’s rights under the interest rate cap agreements have been collaterally assigned to secure the related underlying mortgage loans. The terms of these interest rate cap agreements expire on or prior to the maturity date of the related underlying mortgage loan, but the related loan documents obligate the applicable borrower to obtain a new interest rate cap agreement (if applicable). Two (2) of the underlying mortgage loans, collectively representing 13.9% of the initial mortgage pool balance, are not subject to any interest rate cap agreement.

The specified margin and the current annual mortgage interest rate for each underlying mortgage loan is set forth on Exhibit A-1 to this information circular. Interest accrues on each underlying mortgage loan on an Actual/360 Basis.

Repayment of each of the underlying mortgage loans is secured by a mortgage lien on the fee interest of the related borrower in the mortgaged real property, or with respect to one (1) of the underlying mortgage loans, representing 12.1% of the initial mortgage pool balance, on the leasehold interest of the borrower in the mortgaged real property.

As of the date of this information circular, no mortgaged real properties are encumbered by subordinate liens except for certain limited permitted encumbrances that are described in this information circular.

See “Risk Factors—Risks Related to the Underlying Mortgage Loans—Subordinate Financing Increases the Likelihood That a Borrower Will Default on an Underlying Mortgage Loan,” “Description of the Underlying Mortgage Loans—General” and “—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this information circular.

Except with respect to certain standard nonrecourse carveouts, each of the underlying mortgage loans is nonrecourse to the borrower. Although the offered certificates will be guaranteed by Freddie Mac pursuant to the Freddie Mac Guarantee, none of the underlying mortgage loans is insured or guaranteed by any governmental agency or instrumentality or by any private mortgage insurer.

Balloon Loans..... All of the underlying mortgage loans are balloon loans that provide for:

- an amortization schedule that is significantly longer than its remaining term to stated maturity or no amortization prior to stated maturity; and
- a substantial balloon payment of principal on its maturity date.

Mortgage Loans with Interest-Only Periods One (1) of the underlying mortgage loans, representing 4.8% of the initial mortgage pool balance, does not provide for any amortization prior to the maturity date. Seven (7) of the underlying mortgage loans, collectively representing 39.0% of the initial mortgage pool balance, provide for an interest-only period of between 12 and 39 months following origination followed by amortization for the balance of the loan term.

Crossed Mortgage Loans and Related Borrower Loans The issuing entity will include two (2) groups of underlying mortgage loans that are cross-collateralized and cross-defaulted with each other. Each group of crossed mortgage loans has the same or affiliated borrowers. The table below identifies those crossed mortgage loans:

Loan Name	% of Initial Mortgage Pool Balance ⁽¹⁾
Pine Ridge Of Garfield.....	3.6%
Pine Ridge Of Plumbrook.....	2.9
Villas Of Shelby	2.5
Pine Ridge Of Hayes	1.4
Total	10.4%
Emeritus At Brea.....	2.2%
Emeritus At Whittier	1.5
Total	3.7%

(1) Amounts may not add up to the totals shown due to rounding.

See “Risk Factors—Risks Related to the Underlying Mortgage Loans—Enforceability of Cross-Collateralization Provisions May Be Challenged and the Benefits of These Provisions May Otherwise Be Limited” and “Description of the Underlying Mortgage Loans—Cross-

Collateralized Mortgage Loans and Mortgage Loans with Affiliated Borrowers” in this information circular.

In addition, the issuing entity will include three (3) groups of underlying mortgage loans that are made to related borrowers. The table below shows each group of mortgaged real properties that has the same or affiliated borrowers:

Loan Name	% of Initial Mortgage Pool Balance⁽¹⁾
The Meadows Of Glen Ellyn.....	12.8%
The Hallmark At Battery Park.....	12.1
The Hallmark Of Creve Coeur.....	9.8
Trillium Place.....	9.4
Total.....	44.1%
Village At Proprietors Green.....	10.0%
Balfour Cherrywood Village.....	1.7
Total.....	11.7%
Harvard Square.....	5.6%
Parkview In Frisco.....	5.2
Total.....	10.8%

(1) Amounts may not add up to the totals shown due to rounding.

See “Risk Factors—Risks Related to the Underlying Mortgage Loans—Mortgage Loans to Related Borrowers May Result in More Severe Losses on the Offered Certificates” and “Description of the Underlying Mortgage Loans—Cross-Collateralized Mortgage Loans and Mortgage Loans with Affiliated Borrowers” in this information circular.

Prepayment Characteristics of the Mortgage Loans.....

Eleven (11) of the underlying mortgage loans, collectively representing 78.4% of the initial mortgage pool balance, restrict voluntary prepayments by prohibiting any voluntary prepayments for a specified period of time after the origination of the underlying mortgage loan, followed by a period during which any voluntary principal prepayment is required to be accompanied by a Static Prepayment Premium, followed by an open prepayment period prior to maturity during which voluntary principal prepayments may be made without payment of any prepayment consideration.

The purchase of any underlying mortgage loan by any party that has an option or is otherwise entitled to purchase such loan from the issuing entity following default (or, with respect to the mortgage loan seller, is required to purchase such loan as a result of an uncured material breach of a representation and warranty or a material document defect) generally would have the same effect on the offered certificates as a prepayment (without payment of any Static Prepayment Premium).

See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Release of

Property Through Prepayment—Prepayment” in this information circular.

Delinquency Status None of the underlying mortgage loans was thirty (30) days or more delinquent with respect to any monthly debt service payment as of May 1, 2014.

Geographic Concentration..... Mortgaged real properties that secure underlying mortgage loans collectively representing 5.0% or more of the initial mortgage pool balance are located in each of Illinois, New York, Michigan, Georgia, Massachusetts, Missouri, Ohio, Florida, Colorado and Texas. The table below shows the number of, and percentage of the initial mortgage pool balance secured by, mortgaged real properties located in these states:

State	Number of Mortgaged Real Properties	% of Initial Mortgage Pool Balance
Illinois.....	1	12.8%
New York	1	12.1%
Michigan.....	4	10.4%
Georgia	2	10.2%
Massachusetts	1	10.0%
Missouri.....	1	9.8%
Ohio	1	9.4%
Florida	1	9.1%
Colorado	2	7.3%
Texas	1	5.2%

See “Description of the Underlying Mortgage Loans—Certain Legal Aspects of the Underlying Mortgage Loans” in this information circular.

Property Type	<p>All of the mortgaged real properties are assisted living and/or independent living facility properties. In general, independent living facilities are residential apartments/units that provide limited services, such as congregate meals and planned activities, but do not ordinarily provide any nursing care. In general, assisted living facilities provide housing, 24-hour staffing, and a variety of services including assistance with activities of daily living, such as bathing, dressing, and medication administration. Some assisted living facilities also provide specialized services for people with Alzheimer’s disease, memory conditions and other dementias. Many of the mortgaged real properties included in the issuing entity contain a mix of both assisted living units and independent living units. Based upon a majority of units at a particular property, eleven (11) of the underlying mortgage loans, collectively representing 75.1% of the initial mortgage pool balance, are primarily independent living facility properties. Among these eleven (11) underlying mortgage loans, a minority of the units at five (5) of such mortgaged real properties are dedicated to assisted living services. One (1) such mortgaged real property also has a minority of units dedicated to providing Alzheimer’s disease and/or memory care services. In addition, based upon the majority of units at a particular property, six (6) of the underlying mortgage loans, collectively representing 24.9% of the initial mortgage pool balance, are primarily assisted living facility properties, including one (1) mortgaged real property, representing 1.7% of the initial mortgage pool balance, that provides only Alzheimer’s disease and/or memory care services. See “Risk Factors—Risks Related to the Underlying Mortgage Loans” in this information circular for a description of some of the risks relating to assisted living and independent living facility properties. Also see “Senior Living Facility Operations” for further discussion of assisted living and independent living facility properties.</p>
Encumbered Interests	<p>Sixteen (16) of the underlying mortgage loans, collectively representing 87.9% of the initial mortgage pool balance, encumber the fee interest of the borrower in the mortgaged real property. One (1) of the underlying mortgage loans, representing 12.1% of the initial mortgage pool balance, encumbers the leasehold interest of the borrower in the mortgaged real property.</p> <p>As of the date of this information circular, no mortgaged real properties are encumbered by subordinate liens except for certain limited permitted encumbrances that are described in this information circular. See “Risk Factors—Risks Related to the Underlying Mortgage Loans—Subordinate Financing Increases the Likelihood That a Borrower Will Default on an Underlying Mortgage Loan,” “Description of the Underlying Mortgage Loans—General” and “—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this information circular.</p>
Significant Mortgage Loans	<p>The ten (10) largest underlying mortgage loans or groups of cross-collateralized underlying mortgage loans collectively represent 89.8% of the initial mortgage pool balance. See “Risk Factors—Risks Related to the Underlying Mortgage Loans” and “Description of the Underlying Mortgage Loans” in this information circular and Exhibits A-1, A-2 and A-3 to this information circular.</p>

Additional Statistical Information

General Characteristics The underlying mortgage loans that we intend to include in the issuing entity will have the following general characteristics as of May 1, 2014:

	Mortgage Pool
Initial mortgage pool balance.....	\$383,932,175
Number of underlying mortgage loans.....	17
Number of mortgaged real properties.....	17
Largest Cut-off Date Principal Balance.....	\$49,184,345
Smallest Cut-off Date Principal Balance.....	\$5,468,847
Average Cut-off Date Principal Balance.....	\$22,584,246
Highest mortgage interest rate margin.....	3.360%
Lowest mortgage interest rate margin.....	2.260%
Weighted average mortgage interest rate margin.....	2.691%
Highest LIBOR cap strike rate ⁽¹⁾	4.550%
Lowest LIBOR cap strike rate ⁽¹⁾	2.740%
Weighted average LIBOR cap strike rate ⁽¹⁾	3.502%
Longest original term to maturity.....	120
Shortest original term to maturity.....	60
Weighted average original term to maturity.....	91
Longest remaining term to maturity.....	111
Shortest remaining term to maturity.....	55
Weighted average remaining term to maturity.....	84
Highest Underwritten Debt Service Coverage Ratio ⁽²⁾	3.14x
Lowest Underwritten Debt Service Coverage Ratio ⁽²⁾	1.60x
Weighted average Underwritten Debt Service Coverage Ratio based on underwritten net cash flow ⁽²⁾	1.91x
Weighted average Debt Service Coverage Ratio at capped interest rate, based on underwritten net cash flow ⁽³⁾	1.25x
Highest Cut-off Date LTV.....	73.7%
Lowest Cut-off Date LTV.....	51.7%
Weighted average Cut-off Date LTV.....	64.0%

- (1) With respect to fifteen (15) of the underlying mortgage loans collectively representing 86.1% of the initial mortgage pool balance, the applicable borrowers purchased LIBOR interest rate cap agreements from third-party sellers. Only these fifteen (15) underlying mortgage loans are included in the LIBOR cap strike rate calculations.
- (2) Each Debt Service Coverage Ratio assumes LIBOR of 0.2000%, and is otherwise calculated as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Mortgage Interest Rates; Calculations of Interest” in this information circular.
- (3) With respect to fifteen (15) of the underlying mortgage loans, collectively representing 86.1% of the initial pool balance, the applicable borrowers purchased LIBOR interest rate cap agreements from third-party sellers that are reflected in the Debt Service Coverage Ratio at capped interest rate calculations. Two (2) of the underlying mortgage loans, collectively representing 13.9% of the initial mortgage pool balance, are not subject to any mortgage capped interest rate or any LIBOR interest rate cap agreement, and for the purposes of the Debt Service Coverage Ratio at capped interest rate, these underlying mortgage loans were excluded from the calculation.

In reviewing the foregoing table, please note that the underwritten net cash flow for any mortgaged real property is an estimated number based on numerous assumptions that may not necessarily reflect recent historical performance and may not ultimately prove to be an accurate prediction of future performance.

The information presented in the foregoing table with respect to any group of cross-collateralized and cross-defaulted mortgage loans treats each cross-collateralized and cross-defaulted mortgage loan in such group as a separate loan. One exception is that each and every

underlying mortgage loan in any group of cross-collateralized and cross-defaulted mortgage loans is treated as having the Cut-off Date loan-to-value ratio and the debt service coverage ratio of such group of cross-collateralized and cross-defaulted mortgage loans. None of the underlying mortgage loans will be cross-collateralized or cross-defaulted with any mortgage loan that is not in the issuing entity.

RISK FACTORS

The risks and uncertainties described below summarize the material risks in connection with the purchase of the offered certificates. All numerical information concerning the underlying mortgage loans is provided on an approximate basis.

The Series 2014-KS02 Certificates May Not Be a Suitable Investment for You

The series 2014-KS02 certificates are not suitable investments for all investors. In particular, you should not purchase any class of series 2014-KS02 certificates unless you understand and are able to bear the prepayment, credit, liquidity and market risks associated with that class of series 2014-KS02 certificates. For those reasons and for the reasons set forth in these “Risk Factors,” the yield to maturity and the aggregate amount and timing of distributions on the series 2014-KS02 certificates are subject to material variability from period to period and give rise to the potential for significant loss over the life of the series 2014-KS02 certificates to the extent the guarantor does not make Guarantor Payments on the offered certificates. The interaction of the foregoing factors and their effects are impossible to predict and are likely to change from time to time. As a result, an investment in the series 2014-KS02 certificates involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities.

Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss

Although the various risks discussed in this information circular are generally described separately, you should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor in the series 2014-KS02 certificates may be significantly increased.

Risks Related to the Underlying Mortgage Loans

The Underlying Mortgage Loans Are Nonrecourse. All of the underlying mortgage loans are nonrecourse loans. This means that, in the event of a default, recourse will generally be limited to the related real property or properties securing the defaulted underlying mortgage loan and other assets that have been pledged to secure that underlying mortgage loan. Consequently, full and timely payment on each underlying mortgage loan will depend on one or more of the following:

- the sufficiency of the net operating income of the applicable mortgaged real property to pay debt service;
- the market value of the applicable mortgaged real property at or prior to maturity; and
- the ability of the related borrower to refinance or sell the applicable mortgaged real property at maturity.

In general, the value of any assisted living or independent living facility property, will depend on its ability to generate net operating income. The ability of an owner to finance such a property will depend, in large part, on the property’s value and ability to generate net operating income.

None of the underlying mortgage loans will be insured or guaranteed by any governmental entity or private mortgage insurer. Freddie Mac will act as guarantor of the class A and X certificates.

Repayment of Each of the Underlying Mortgage Loans Will Be Dependent on the Cash Flow Produced by the Related Mortgaged Real Property From Resident and Service Fees or Rents, Which Can Be Volatile and Insufficient To Allow Timely Distributions on the Offered Certificates, and on the Value of the Related Mortgaged Real Property, Which May Fluctuate Over Time. Repayment of loans secured by assisted living or independent living facility properties typically depends on the cash flow produced by those properties. Cash flow is typically produced through the collection of resident and service fees or rents from tenants and residents at the properties. The ratio of net cash flow to debt service of an underlying mortgage loan secured by an income-producing property is an important measure of the risk of default on the loan.

Payment on each underlying mortgage loan may also depend on:

- the ability of the related borrower to sell the related mortgaged real property or refinance the subject underlying mortgage loan, at scheduled maturity, in an amount sufficient to repay the underlying mortgage loan; and/or
- in the event of a default under the underlying mortgage loan and a subsequent sale of the related mortgaged real property upon the acceleration of such underlying mortgage loan's maturity, the amount of the sale proceeds, taking into account any adverse effect of a foreclosure proceeding on those sale proceeds.

In general, if an underlying mortgage loan has a relatively high loan-to-value ratio or a relatively low debt service coverage ratio, a foreclosure sale is more likely to result in proceeds insufficient to satisfy the outstanding debt.

The cash flows from the operation of assisted living and independent living facility properties are volatile and may be insufficient to cover debt service on the related underlying mortgage loan and pay operating expenses at any given time. This may cause the value of a property to decline. Cash flows and property values generally affect:

- the ability to cover debt service;
- the ability to pay an underlying mortgage loan in full with sales or refinance proceeds; and
- the amount of proceeds recovered upon foreclosure.

Cash flows and property values depend upon a number of factors, including:

- national, regional and local economic conditions, including economic and industry slowdowns, unemployment rates, retirement savings rates, and the general amount of income and assets of retirees;
- local real estate conditions, such as an oversupply of units similar to the units at the related mortgaged real property;
- the strength of economy of the state in which the mortgaged real property is located, and its effect on rental rates, Medicaid reimbursement rates, reimbursement/payment history and the overall regulatory climate;
- changes or continued weakness in the assisted living and/or independent living industry that is important to the success of the related mortgaged real property;
- applicable state and local regulations designed to protect tenants and residents in connection with evictions and rent increases;
- the impact of state and federal healthcare reimbursement policy, waiver rules, and other regulatory challenges;
- the costs and administrative burdens associated with complying with applicable laws, regulations and policies, including but not limited to zoning laws and environmental restrictions;
- demographic factors;
- shortages of labor (including health professionals) or labor disruptions;
- increases in vacancy rates;
- creditworthiness of residents or tenants, a decline in the financial condition of residents or tenants, or resident or tenant defaults;
- the number of residents or tenants at the related mortgaged real property and the duration of their respective residency agreements or leases;

- a change in the mix between assisted living, independent living, Alzheimer’s disease and/or memory care units at the mortgaged real property;
- a decline in rental rates as residency agreements or leases are renewed or entered into with new residents or tenants;
- increases in operating expenses at the mortgaged real property and in relation to competing properties, including expenses relating to energy, food, workers’ compensation, benefits, insurance, and healthcare regulatory compliance;
- the property’s “operating leverage,” which is generally the percentage of total property expenses in relation to revenue;
- the ratio of fixed operating expenses to those that vary with revenues;
- increases in interest rates, real estate taxes and other operating expenses at the mortgaged real property and in relation to competing assisted living and/or independent living facilities;
- the level of required capital expenditures for proper maintenance, renovations and improvements demanded by residents or tenants or required by law at the mortgaged real property;
- retroactive changes in building or similar codes that require modifications to the related mortgaged real property;
- capable management and adequate maintenance for the related mortgaged real property;
- the strength, experience, philosophy and operating history of the management of each mortgaged real property;
- location of the related mortgaged real property and the characteristics of the neighborhood where the property is located, including proximity to shopping areas, hospitals and other healthcare facilities, and other places or services that may be important to senior citizens;
- proximity and attractiveness of competing assisted living facilities and other home or community based services;
- whether the mortgaged real property has uses subject to significant regulation;
- perceptions by prospective residents or tenants of the safety, convenience, services and attractiveness of the related mortgaged real property and the quality of its staff;
- the ability of the layout to foster socialization and easy access to service providers and the existence of specialized facilities that support aging in place; and
- the age, construction, quality, design and overall maintenance of the mortgaged real property.

A decline in the economy or the assisted living and independent living facilities industry will tend to have a more immediate effect on the net operating income of the mortgaged real properties with short-term revenue sources, such as short-term or month-to-month agreements or leases with residents or tenants at the mortgaged real properties, and may lead to higher rates of delinquency or defaults.

Borrowers May Be Unable To Make Balloon Payments. All of the underlying mortgage loans are non-amortizing or only partially amortizing. The borrower under a mortgage loan of these types is required to make a substantial payment of principal and interest, which is commonly called a balloon payment, on the maturity date of the loan. The ability of the borrower to make a balloon payment depends upon the borrower’s ability to refinance or sell the mortgaged real property securing the loan. The ability of the borrower to refinance or sell the mortgaged real property will be affected by a number of factors, including—

- the fair market value and condition of the mortgaged real property;
- the level of interest rates;
- the borrower's equity in the mortgaged real property;
- the borrower's financial condition;
- the operating history of the mortgaged real property;
- changes in zoning and tax laws;
- changes in competition in the relevant area;
- changes in rental and service rates and federal and state reimbursement rates in the relevant area;
- changes in governmental regulation and fiscal policy;
- prevailing general and regional economic conditions;
- the state of the fixed income and mortgage markets;
- the availability of credit for mortgage loans secured by multifamily rental properties in general or assisted living facilities and independent living facilities in particular;
- reductions in applicable government assistance/rent subsidy programs; and
- the requirements (including loan-to-value ratios and debt service coverage ratios) of lenders for mortgage loans secured by assisted living and/or independent living facility properties.

Neither we nor any of our affiliates, the mortgage loan seller or any of the originators will be obligated to refinance any underlying mortgage loan.

The recent credit crisis and recent economic downturn resulted in tightened lending standards and a substantial reduction in capital available to refinance commercial mortgage loans at maturity. These factors have increased the risk that refinancing may not be available for loans secured by assisted living or independent living facility properties. See “—Risks Related to the Offered Certificates—The Volatile Economy and Credit Crisis May Increase Loan Defaults and Affect the Value and Liquidity of Your Investment” below. We cannot assure you that each borrower under a balloon loan will have the ability to repay the principal balance of such underlying mortgage loan on the related maturity date.

The master servicer or special servicer may, within prescribed limits, extend and modify underlying mortgage loans that are in default or as to which a payment default is reasonably foreseeable in order to maximize recoveries on such loans. The master servicer or special servicer is only required to determine that any extension or modification is reasonably likely to produce a greater recovery than a liquidation of the real property securing the defaulted loan. There is a risk that the decision of the master servicer or special servicer to extend or modify an underlying mortgage loan may not in fact produce a greater recovery. See “—Modifications of the Underlying Mortgage Loans” below.

Modifications of the Underlying Mortgage Loans. If any underlying mortgage loans become delinquent or default, the special servicer will be required to work with the related borrowers to maximize collections on such underlying mortgage loans. This may include modifying the terms of such underlying mortgage loans that are in default or whose default is reasonably foreseeable. At each step in the process of trying to bring a defaulted underlying mortgage loan current or in maximizing proceeds to the issuing entity, the special servicer will be required to invest time and resources not otherwise required for the master servicer to collect payments on performing underlying mortgage loans. Modifications of underlying mortgage loans implemented by the special servicer in order to maximize the ultimate proceeds of such underlying mortgage loans may have the effect of, among other things, reducing or otherwise changing the mortgage rate, forgiving or forbearing on payments of

principal, interest or other amounts owed under the underlying mortgage loan, extending the final maturity date of the underlying mortgage loan, capitalizing or deferring delinquent interest and other amounts owed under the underlying mortgage loan, forbearing payment of a portion of the principal balance of the underlying mortgage loan or any combination of these or other modifications. Any modified underlying mortgage loan may remain in the issuing entity, and the modification may result in a reduction in the funds received with respect to such underlying mortgage loan.

The Source of Repayment on the Offered Certificates Will Be Limited to Payments and Other Collections on the Underlying Mortgage Loans. The offered certificates will represent interests solely in the issuing entity. The primary assets of the issuing entity will be a segregated pool of mortgage loans secured by assisted living and independent living facility properties. Accordingly, repayment of the offered certificates will be limited to payments and other collections on the underlying mortgage loans, subject to the Freddie Mac Guarantee.

However, the underlying mortgage loans will not be an obligation of, or be insured or guaranteed by:

- any governmental entity;
- any private mortgage insurer;
- the depositor;
- Freddie Mac;
- the master servicer;
- the special servicer;
- any sub-servicer of the master servicer or the special servicer;
- the trustee;
- the certificate administrator;
- the custodian; or
- any of their or our respective affiliates.

Assisted Living Properties Pose Risks Not Associated with Other Types of Multifamily Properties. All of the underlying mortgage loans are secured by properties that provide assisted living and/or independent living services.

Assisted living facilities may receive a portion of their revenues from government reimbursement programs, including Medicaid. Medicaid is subject to:

- statutory and regulatory changes;
- retroactive rate adjustments;
- administrative rulings;
- policy interpretations;
- delays in remittances by fiscal intermediaries or contractors; and
- government funding restrictions.

Providers of assisted living and other medical services are also affected by the reimbursement policies of private insurers to the extent that providers are dependent on patients whose fees are reimbursed by such insurers.

All of the foregoing can adversely affect revenues from the operation of an assisted living facility property. Moreover, governmental payors have employed cost-containment measures that limit payments to healthcare providers.

Providers of assisted living services are regulated by federal, state and local law. They are subject to numerous factors which can increase the cost of operation, limit growth and, in extreme cases, require or result in suspension or cessation of operations, including:

- state licensing requirements;
- facility inspections;
- reimbursement policies; and
- laws relating to the adequacy of medical care, distribution of pharmaceuticals, use of equipment, personnel, operating policies and maintenance of and additions to facilities and services.

For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as “Village At Proprietors Green,” representing 10.0% of the initial mortgage pool balance, the related borrower’s license to operate the mortgaged real property for its intended use expired on April 1, 2014. The borrower is required to provide the lender with a copy of the renewed license within 30 days after its renewal. We cannot assure you that the borrower will obtain a renewal of the license to operate the mortgaged real property for its intended use or that the failure of the borrower to obtain a renewal of the license will not adversely impact operations at or the value of the mortgaged real property.

Under applicable federal and state laws and regulations, Medicaid reimbursements generally may not be made to any person other than the provider who actually furnished the related goods and services. Accordingly, in the event of foreclosure on an assisted living facility property, neither a lender nor other subsequent lessee or operator of the property would generally be entitled to obtain from federal or state governments any outstanding reimbursement payments relating to services furnished at the property prior to foreclosure. Furthermore, in the event of foreclosure, we cannot assure you that a lender or other purchaser in a foreclosure sale would be entitled to the rights under any required licenses and regulatory approvals. The lender or other purchaser may have to apply in its own right for those licenses and approvals. We cannot assure you that a new license could be obtained or that a new approval would be granted.

Assisted living and independent living facility properties are generally special purpose properties that could not be readily converted to general residential, retail or office use. This will adversely affect their liquidation value. Furthermore, transfers of licensed assisted living properties may be subject to regulatory approvals under state law that are not required for transfers of most other types of commercial properties.

The Operations of the Mortgaged Real Properties May Be Subject to Regulations Promulgated by Federal, State and Local Governments, and any Failure To Comply with such Regulations May Adversely Affect the Borrowers’ Ability To Repay the Underlying Mortgage Loans. The assisted living industry is regulated by federal, state and/or local authorities. Assisted living facilities may be regulated at the time of establishment, prior to and during construction and/or at the time of closure or cessation of business, as well as during the operation of facilities. For example, in certain states, prior to commencing operation, an assisted living facility may have to comply with, among other requirements, applicable federal, state and local construction, licensing and certification requirements, which may change at any time.

The operation of assisted living facilities may be subject to federal, state and/or local operating requirements including, but not limited to, those mandated by the state departments of health or other state agencies. The state and local regulations affecting licensed assisted living facilities include, but are not limited to, regulations relating to licensure, admission agreement requirements, quality and conduct of operations, ownership of facilities, addition of facility beds, services and prices for services. Licensed assisted living facilities are subject to surveys annually, bi-annually or at other specified intervals as determined appropriate by the state regulatory agency responsible for regulating such facilities, and may be subject to additional surveys such as complaint investigation surveys and life safety code surveys. The surveys are conducted to determine whether the facility is in compliance with state laws

and regulations relating to licensure. Many state governments have imposed enforcement policies resulting in a significant increase in the number of surveys and inspections, citations of regulatory deficiencies, and regulatory sanctions, including admission bans and terminations from the Medicaid programs.

Some states require that facilities caring for seniors report to state regulatory authorities whenever there is reasonable cause to believe that abuse, neglect, mistreatment or misappropriation of resident property may have occurred, as those terms are defined, in some cases broadly, in state laws and accompanying regulations. Providers may be sanctioned for a failure to report.

The dates during which the mortgaged real properties were constructed range from 1974 to 2011. The physical plant requirements for the mortgaged real properties vary from state to state (in some cases from political subdivision to political subdivision), which may include national fire protection standards. The majority of the states in which the mortgaged real properties are located, currently have sprinkler requirements in place. Mortgaged real properties that are not in compliance with their respective state's requirements may be subject to various penalties.

The extensive federal, state and local regulations affecting the healthcare industry also include regulation of the financial and other arrangements that senior living facilities, including assisted living facilities, enter into during the normal course of business. The anti-kickback law (codified at 42 U.S.C. § 1320a-7b) prohibits certain business practices and relationships that might affect the provision and cost of healthcare services reimbursable under Medicaid, including the payment or receipt of money or anything else of value for the referral of patients whose care will be paid by other governmental programs. Sanctions for violating the anti-kickback law include criminal penalties and civil sanctions, fines and possible exclusion from government programs, such as the Medicaid programs, as well as liability under the federal False Claims Act. The borrowers and the operators currently contract with unrelated third party healthcare providers to provide services to residents at the facilities located on the mortgaged real properties. Typically, these types of arrangements include contracts with pharmacy and therapy service providers. With respect to on-site pharmacy providers, although it has refrained from issuing any regulations with respect to the matter, the Centers for Medicare & Medicaid Services (“CMS”) has been considering the relationship between pharmacy consultants and the “in-house” pharmacy, as such relationships are seen to create the possibility of health and safety risks for residents and implicate fraud and abuse laws. With respect to the rental of space to therapy providers, these types of arrangements raise fraud and abuse concerns because such third-party providers receive Medicare or Medicaid reimbursement for their services and could be determined to be paying more than fair market value for the space as an inducement to the facility to refer facility residents to the provider. We cannot assure you that any current relationship between the borrowers and the operators and any third-party providers would not be subject to review or any enforcement action by government enforcement agencies or that the current relationship would not be impacted by a change of law in the future.

The costs and administrative burdens associated with complying with applicable laws and regulations may adversely affect the operating income and the values of the mortgaged real properties and the ability of the related borrowers to repay the underlying mortgage loans. See “Senior Living Facility Operations” in this information circular. Individually or in combination, available sanctions for quality deficiencies or failure to comply with licensure requirements can have a material adverse effect on the mortgaged real properties’ results of operations, reputation, liquidity and financial position. Generally, the borrowers or the operators of the mortgaged real properties would have the opportunity to contest such sanctions. However, there are often significant delays in the process for contesting sanctions and certain sanctions continue for long periods of time and may not be successful. For more information regarding risks relating to the license requirements at the mortgaged real properties, see “—The Inability To Maintain Required Licensure May Adversely Impact Revenue; License Requirements May Adversely Affect the Rights of the Issuing Entity to Realize on the Mortgaged Real Properties” below.

The Inability To Maintain Required Licensure May Adversely Impact Revenue; License Requirements May Adversely Affect the Rights of the Issuing Entity to Realize on the Mortgaged Real Properties. Each state in which the mortgaged real properties that are operated as assisted living facilities are located requires that the operator have a license to provide assisted living services, as defined by the applicable state’s laws and regulations. Each such state may also require that the owner and/or prospective transferee of a licensed assisted living facility notify the state of an impending transfer, and a new operator of such facility to acquire a new license or obtain approval for the change of ownership of the existing license. The failure of any operator to comply with the applicable healthcare regulatory requirements after the closing of the related underlying mortgage loan may

adversely impact such operator's ability to obtain a full license. We cannot assure you that each operator will maintain the required license or that the required licenses will not otherwise be revoked by the local healthcare authority.

In addition, the laws and regulations relating to healthcare licenses generally prohibit the transfer of such licenses to any person or entity. In the event of a foreclosure of any mortgaged real property (other than a non-licensed facility) and the termination of any related master lease and operating leases, the special servicer on behalf of the issuing entity would be expected to seek to have licensed healthcare receivers appointed on a state-by-state basis to operate each mortgaged real property that is operated as an assisted living facility until a new licensed operator or manager has been selected by the special servicer on behalf of the issuing entity. For example, with respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as "Harvard Square," "Arbor Terrace Peachtree City," "Parkview In Frisco," "Pine Ridge Of Garfield," "Pine Ridge Of Plumbrook," "Villas Of Shelby" and "Pine Ridge Of Hayes," collectively representing 26.6% of the initial mortgage pool balance, the related mortgaged real properties are subject to master leases. We cannot assure you that a new license could be obtained promptly or at all. The lack of a license at any mortgaged real property would likely have a material adverse effect on the operation of such property.

For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as "Village At Proprietors Green," representing 10.0% of the initial mortgage pool balance, the related borrower's license to operate the mortgaged real property for its intended use expired on April 1, 2014. The borrower is required to provide the lender with a copy of the renewed license within 30 days after its renewal. We cannot assure you that the borrower will obtain a renewal of the license to operate the mortgaged real property for its intended use or that the failure of the borrower to obtain a renewal of the license will not adversely impact operations at or the value of the mortgaged real property.

The Senior Living Industry Is a Highly Competitive Industry, and the Revenues, Profits or Market Share of a Mortgaged Real Property Could be Harmed if They Are Unable to Compete Effectively. The senior living market sector is highly competitive. Assisted living and independent living facility properties face competition from numerous local, regional, and national providers of assisted living and independent living, as well as providers of healthcare services in other settings, such as rehabilitation units in hospitals, home health agencies or other community-based providers. The formation of accountable care organizations, managed care networks and integrated delivery systems may also adversely affect the mortgaged real properties if there are incentives within the systems that lead to the greater utilization of other facilities or providers within the networks or systems or to the greater utilization of community based home care providers, instead of assisted living properties. Additionally, some competing providers may be better capitalized than the operators of the mortgaged real properties, may offer services not offered by the mortgaged real properties, or may be owned by non-profit organizations or government agencies supported by endowments, charitable contributions, tax exemptions, tax revenues and other sources of income or revenue not available to the property managers or borrowers. The successful operation of the mortgaged real properties will also generally depend upon the number of competing facilities in the local market, as well as on other factors. These factors include, but are not limited to, competing facilities' rental rates, location, the characteristics of the neighborhood where they are located, the type of services and amenities offered, the nature and condition of the competing facility, its age, appearance, overall maintenance, construction, quality, design, safety, convenience, reputation and management, resident and family preferences, relationship with other healthcare providers and other healthcare networks, quality and cost of care and quality of staff. Costs of renovating, refurbishing or expanding an assisted living or independent living facility in order to remain competitive can be substantial. If the mortgaged real properties fail to attract residents and to compete effectively with other healthcare providers, their revenues and profitability would decline.

A particular market with historically low vacancies could experience substantial new construction and a resultant oversupply of assisted living or independent living units within a relatively short period of time. Because units in an assisted living or independent living facility are typically leased on a short term basis, the tenants residing at a particular facility may easily move to alternative assisted living or independent living facilities with more desirable amenities or locations or lower fees. However, many states have placed licensure requirements on operators of assisted living facilities, and therefore entry in this market could be impeded. If the development of new assisted living, independent living or other senior living facilities surpasses the demand for such facilities in

particular markets, the markets may become saturated, which could have a material adverse effect on the mortgaged real properties in such areas.

The Success of the Mortgaged Real Properties Depend on Attracting Seniors with Sufficient Resources To Pay. Medicare does not reimburse beneficiaries for room, board or services at an assisted living or independent living facility. Medicaid coverage for the services provided at an assisted living facility, if any, varies from state to state. Certain assisted living services may be partially covered for veterans through the Department of Veteran Affairs, including through the Aid and Attendance Pension benefit. None of the mortgaged real properties currently accepts reimbursement from Medicaid. However, with respect to the mortgaged real property identified on Exhibit A-1 to this information circular as “Arbor Terrace Peachtree City,” representing 5.4% of the initial mortgage pool balance, the underlying mortgage loan documents permit the mortgaged real property to participate in Medicare, Medicaid or similar federal, state or local third party payor programs. In the future, some of the mortgaged real properties may choose to accept reimbursement from Medicaid or from special state supplementation programs established and administered by state governments.

In addition, commercial private insurance does not typically cover assisted living. Consequently, the mortgaged real properties rely, and expect to continue to rely on the ability of their residents to pay for services from their own or their families’ financial resources. Not all seniors living in the regions where the mortgaged real properties are located will be able to afford an extended stay in an assisted living facility or independent living facilities. Difficulty in attracting residents who have the ability to pay privately could have a material adverse effect on the mortgaged real properties. In the event that managed care becomes a significant factor in the assisted living facility sector, the borrowers may have to participate in the managed care market to remain competitive. In such an event, the amount that a mortgaged real property receives for its services could be adversely affected. Inflation or other circumstances that adversely affect the ability of the elderly to pay for the services could also have a material adverse effect on the business, financial conditions and results of operations of the mortgaged real properties.

Due to the dependency of the mortgaged real properties on private pay sources, events which adversely affect the ability of seniors to afford the monthly resident fees could cause occupancy rates, revenues and results of operations to decline. Economic downturns, changes in demographics, degradation of the local economy or the neighborhoods in which the mortgaged real properties operate, inflation or other circumstances that adversely affect the ability of the elderly to pay for the services could adversely affect the ability of seniors to afford resident fees. In addition, downturns in the housing markets can adversely affect the ability of seniors to afford resident fees as seniors frequently use the proceeds from the sale of their homes to cover the cost of senior living facilities fees. Because the senior living market sector is highly competitive, negative perceptions of the aesthetics, safety, convenience or overall quality of services provided by the mortgaged real properties may negatively impact the ability of the mortgaged real properties to attract seniors with sufficient resources to pay. If the mortgaged real properties are unable to retain and/or attract seniors with sufficient income, assets or other resources required to pay the fees associated with assisted living services, occupancy rates, revenues and results of operations could decline. See “—The Successful Operation of an Assisted Living or Independent Living Facility Property Depends on Residents or Tenants” below.

The Costs and Unpredictability of Patient Care Liability Claims May Adversely Affect the Borrowers’ Ability To Repay the Underlying Mortgage Loans. The long-term care sector, including the assisted living industry, is experiencing substantial increases in both the number and size of liability claims. In addition to compensatory damages, plaintiff attorneys are increasingly seeking punitive damages and attorneys’ fees, and are increasingly using publicly available information, such as state survey results, as a basis for claims. Some consumer groups are engaged in efforts to increase awareness of quality issues, prompting litigation in some cases. As a result, general and professional liability insurance coverage and costs have become increasingly expensive and unpredictable. The liquidity, financial condition and results of operations of each mortgaged real property could be materially adversely affected if, among other things, liability claims related to care continue to increase in number and size.

Limitations on Tort Liability of Healthcare Providers May Not Be Enacted or May Not Shield Healthcare Providers from Liability. While the debate continues at the federal level, some states have enacted or are considering enacting statutes that limit the amounts a plaintiff can be awarded for liability claims against a healthcare provider. Certain of the mortgaged real properties are located in states that have enacted such liability reform and capped the amount of non-economic damages awarded to plaintiffs. However, we cannot assure you that liability reform legislation will be enacted in all of the states in which the mortgaged real properties are located or if

enacted, we cannot assure you that such legislation will not be pre-empted by federal legislation, repealed or otherwise challenged. It is not unusual for facilities located in states that have enacted tort reform to experience an increase in patient care liability lawsuits prior to the new legislation's effective date. In spite of the tort reform in some states, certain assisted living facilities have still had a significant number of professional liability/general liability ("PL/GL") claims.

Increased Insurance Costs Due to Patient Care Litigation. Insurance related costs in the senior care industry, including for assisted living facilities, continue to rise significantly due to the increase of patient care litigation. Insurance markets have responded to increased patient care liability costs by severely restricting the availability of PL/GL insurance coverage. As a result of liability cases, fewer companies are engaged in insuring senior care companies for PL/GL losses, and those that do offer insurance coverage do so at a higher cost. There are no assurances that the PL/GL costs of the mortgaged real properties will not continue to rise or that PL/GL coverage will be available to the mortgaged real properties in the future. In addition, in certain states, state law prohibits insurance coverage for punitive damages arising from PL/GL litigation, and the mortgaged real properties could be held liable for punitive damages in those states. See "—The Absence or Inadequacy of Earthquake, Flood and Other Insurance May Adversely Affect Payments on the Certificates" and "—Litigation May Adversely Affect Property Performance" below.

Availability of Healthcare Professionals, Retention of Qualified Personnel and Labor Costs. In recent years, healthcare providers, including assisted living facilities, have experienced difficulties in attracting and retaining qualified personnel, such as nurses, certified nurse assistants, nurse's aides and other healthcare practitioners. As a result, affected assisted living facilities experience increases in labor costs primarily due to higher wages and greater benefits required to attract and retain qualified healthcare personnel. These costs cannot be automatically rolled back or downwardly adjusted in the event of a precipitous and/or sustained rise in the pool of individuals available for work. The borrowers' ability to control labor costs, which represent a large component of their operating expenses, may significantly impact their future operating results.

Various state governments are presently considering or have enacted legislation or regulations on staffing. Some or all of the states in which the mortgaged real properties operated as assisted living facilities are located may have enacted specific minimum staffing legislation or regulation with respect to licensed assisted living facilities. Each operator's ability to satisfy these requirements will depend upon its ability to attract and retain qualified nurses, certified nurse assistants and other staff. Failure to comply with these requirements may result in the imposition of fines or other sanctions.

In addition to staffing shortages, some areas of the country are experiencing active organized labor campaigns that have targeted healthcare facilities. Wage increases resulting from these efforts may not necessarily be absorbed by higher revenue. While currently no mortgaged real properties accept Medicaid, in the event any mortgaged real property chooses to accept Medicaid or reimbursement from other third-party payors in the future, the increases to reimbursement rates may not keep pace with the increases to labor costs.

Work forces at the mortgaged real properties may be unionized now or in the future. Often, union or collective bargaining agreements require significant wage increases and union work rules that may limit the ability of the operators to manage labor costs. In addition, if the borrowers/operators are not successful in their negotiations with any union, the facilities risk disruption in service and related costs arising from any union called for strikes or other work slow-downs. We cannot assure you that the existence of any labor union at any facility will not adversely impact operation at and/or the value of the mortgaged real property.

Federal and State Cost Containment/Reduction Initiatives for Healthcare Costs. Over the years, federal and state governments and legislators have been searching for ways to contain or reduce healthcare costs. As part of national healthcare reform, as enacted by the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, 124 Stat. 119, amended by Health Care and Education Reconciliation Act, Pub. L. No. 111-152 ("ACA"), there have been a number of initiatives to alter the nation's healthcare delivery system and to make it more effective and cost-efficient. The American Taxpayer Relief Act of 2012, enacted on January 2, 2013, provides for the establishment of a commission to address the establishment, implementation, and financing of a system that ensures the availability of long-term care services. Forthcoming Centers for Medicare & Medicaid Services ("CMS") guidance will provide further information about such initiatives. At the present time, it is not possible to predict what effect, if any, such initiatives may have on assisted living facilities. These efforts, or other proposals in the future, may materially

affect the way the Medicaid program is funded, how much healthcare facilities such as the mortgaged real properties participating in the Medicaid program are reimbursed, and the types of facilities competing with assisted living facilities.

All of the Underlying Mortgage Loans Are Secured by Assisted Living and/or Independent Living Facility Properties, Thereby Materially Exposing Offered Certificateholders to Risks Associated with the Performance of Assisted Living and Independent Living Facility Properties. The mortgage pool will not have any property type diversification insofar as all of the mortgaged real properties are primarily used for assisted living and/or independent living facility purposes. The lack of property type diversification creates a significantly greater exposure to each of the potential risks inherent in investing in mortgage loans secured by assisted living and independent living facilities. A number of factors may adversely affect the value and successful operation of an assisted living and/or independent living facility property. See “—Repayment of Each of the Underlying Mortgage Loans Will Be Dependent on the Cash Flow Produced by the Related Mortgaged Real Property from Resident and Service Fees or Rents, Which Can Be Volatile and Insufficient To Allow Timely Distributions on the Offered Certificates, and on the Value of the Related Mortgaged Real Property, Which May Fluctuate Over Time” above for a discussion of some factors which can affect the value and successful operation of an assisted living and/or independent living facility property.

In addition, some states regulate the relationship of an owner and its tenants at an assisted living or independent living facility property. Among other things, these states may—

- require written leases;
- require good cause for eviction;
- require disclosure of fees;
- prohibit unreasonable rules;
- prohibit retaliatory evictions;
- prohibit restrictions on a resident’s choice of unit vendors;
- limit the bases on which a landlord may increase rent; or
- prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner’s building.

In addition, with respect to assisted living facilities, these states may have certain “resident rights” regulations that—

- require notice and due process in connection with the discharge of a resident; or
- require that a certain minimum percentage of units be rented to residents that are Medicaid beneficiaries.

Assisted living and independent living facility owners are generally subject to state and federal laws typically identified as “Unfair and Deceptive Practices Acts” and other general consumer protection statutes, which generally impose liability and/or create causes of action for coercive, abusive or unconscionable leasing and sales practices.

Certain of the assisted living and/or independent living facility properties that secure the underlying mortgage loans may be subject to certain restrictions imposed pursuant to restrictive covenants, reciprocal easement agreements and operating agreements. Such use restrictions could include, for example, limitations on the use of the properties, the character of improvements on the properties, the borrowers’ right to operate certain types of facilities within a prescribed radius of the properties and limitations affecting noise and parking requirements, among other things. In addition, certain of the assisted living and/or independent living facility properties that secure the underlying mortgage loans may have access to certain amenities and facilities at other local properties pursuant to shared use agreements, and we cannot assure you that such use agreements will remain in place indefinitely, or that any amenities and facilities at other properties will remain available to the residents or tenants of any assisted living

or independent living facility property securing an underlying mortgage loan. These limitations could adversely affect the ability of the related borrower to lease the mortgaged real property on favorable terms, thus adversely affecting the borrower's ability to fulfill its obligations under the related underlying mortgage loan.

Some of the mortgaged real properties that are licensed assisted living facilities may be "special purpose" properties that may not be readily converted to general residential, retail or office use, even if local zoning laws would allow such a conversion. Transfers of operations of licensed assisted living facilities are typically subject to federal, state and local regulatory approvals not required for transfers of other types of commercial operations and other types of real estate. Thus, if the operation of any of the licensed assisted living facility properties becomes unprofitable due to competition, age of the improvements, changes in reimbursement or other factors such that the borrowers become unable to meet their obligations on the mortgage loan, the liquidation value of the licensed assisted living facility properties may be substantially less than would be the case if the licensed assisted living facility properties were readily adaptable to other uses. Moreover, in certain circumstances, such as when federal or state authorities believe that liquidation may adversely affect the health, safety or welfare of the assisted living facility residents, a facility operator may not be allowed to liquidate for an indeterminate period of time. Finally, the receipt of any liquidation proceeds could be delayed by the approval process of any state agency necessary for the transfer of a licensed assisted living facility property and even reduced to satisfy governmental obligations of the licensed assisted living facility property (e.g., audit recoupments).

Some of the assisted living and/or independent living facility properties that secure the underlying mortgage loans may be subject to land use restrictive covenants or contractual covenants in favor of federal or state housing agencies. These covenants normally require that a minimum number or percentage of units be rented to tenants who have incomes that are substantially lower than median incomes in the applicable area or region. These covenants may limit the potential rental rates that may govern rentals at any of those properties, the potential tenant base for any of those properties or both. An owner may subject an assisted living and/or independent living facility property to these covenants in exchange for tax credits or rent subsidies. When the credits or subsidies cease, net operating income will decline. We cannot assure you that the foregoing requirements will not cause a reduction in rental income. If rents are reduced, we cannot assure you that the property will be able to generate sufficient cash flow to satisfy debt service payments and operating expenses.

With respect to certain of the underlying mortgage loans, the loan documents may permit the borrower to receive subsidies or other assistance from certain government programs. Generally, the mortgaged real property must satisfy certain requirements, the borrower must observe certain leasing practices and/or the tenant(s) must regularly meet certain income requirements. We cannot assure you that such programs will continue in their present form or that the borrowers will continue to comply with the requirements of the programs to enable the borrowers to receive the subsidies in the future or that the level of assistance provided will be sufficient to generate enough revenues for the borrowers to meet their obligations under the related underlying mortgage loans.

Some of the mortgaged real properties that secure the underlying mortgage loans may entitle or may have entitled their owners to receive low income housing tax credits pursuant to Code Section 42. Code Section 42 provides a tax credit for owners of multifamily rental properties meeting the definition of low income housing who have received a tax credit allocation from the state or local allocating agency. The total amount of tax credits to which the property owner is entitled is based upon the percentage of total units made available to qualified tenants.

The tax credit provisions limit the gross rent for each low income unit. Under the tax credit provisions, a property owner must comply with the tenant income restrictions and rental restrictions over a minimum of a fifteen-year compliance period. In addition, agreements governing the property may require an "extended use period," which has the effect of extending the income and rental restrictions for an additional period.

In the event a property does not maintain compliance with the tax credit restrictions on tenant income or rental rates or otherwise satisfy the tax credit provisions of the Code, the property owner may suffer a reduction in the amount of available tax credits and/or face the recapture of all or part of the tax credits related to the period of the noncompliance and face the partial recapture of previously taken tax credits. The loss of tax credits, and the possibility of recapture of tax credits already taken, may provide significant incentive for the property owner to keep the related property in compliance with such tax credit restrictions and limit the income derived from the related property.

Some of the mortgaged real properties that secure the underlying mortgage loans may entitle or may have entitled their owners to receive tax abatements or exemptions. We cannot assure you that any tax abatements and exemptions will continue to benefit the related mortgaged real properties or that the continuance or termination of any of the tax abatements or exemptions will not adversely impact the mortgaged real properties or the related borrowers' ability to generate sufficient cash flow to satisfy debt service payments and operating expenses.

The Successful Operation of an Assisted Living or Independent Living Facility Property Depends on Residents or Tenants. Generally, assisted living or independent living facility properties are subject to residency agreements or leases. The owner of an assisted living or independent living facility property typically uses lease or resident agreement payments for the following purposes—

- to pay for resident services, maintenance and other operating expenses associated with the property;
- to fund repairs, replacements and capital improvements at the property; and
- to pay debt service on mortgage loans secured by, and any other debt obligations associated with operating, the property.

See “—Repayment of Each of the Underlying Mortgage Loans Will Be Dependent on the Cash Flow Produced by the Related Mortgaged Real Property from Resident and Service Fees or Rents, Which Can Be Volatile and Insufficient To Allow Timely Distributions on the Offered Certificates, and on the Value of the Related Mortgaged Real Property, Which May Fluctuate Over Time” above for a discussion of factors that may adversely affect the ability of an assisted living or independent living facility property to generate net operating income from lease and rental payments.

Changes in Resident Acuity Mix May Present Risks. With respect to all of the underlying mortgage loans, the related borrowers are generally permitted to adjust the number of units set aside as assisted living units, independent living units, or Alzheimer's care units at the related mortgaged real property by up to 10% of the total number of units at such mortgaged real property as of the underlying mortgage loan's origination date. Changes in the percentage of assisted living units and independent living units at a mortgaged real property may affect the operating income at that mortgaged real property. We cannot assure you that changes in the percentage of assisted living units and independent living units at the mortgaged real properties will not adversely impact operations at or the value of the mortgaged real properties. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Changes in Resident Acuity Mix” in this information circular.

With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 of this information circular as “The Hallmark At Battery Park,” representing 12.1% of the initial mortgage pool balance, all two hundred seventeen (217) of the units at the related mortgaged real property are residences for independent senior living. The underlying mortgage loan documents permit the borrower to convert (i) up to seventy (70) independent living units to assisted living needs units and (ii) up to thirty-six (36) independent living units to Alzheimer's and memory care needs units. We cannot assure you that any licensing requirements or reliance upon Medicaid revenues, Medicare revenues or other revenues related to services provided at the mortgaged real property will not adversely impact operations at or the value of the mortgaged real property or that any such licenses or permits will be renewed or kept in place.

In addition, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 of this information circular as “Horizon Bay At Hyde Park,” representing 9.1% of the initial mortgage pool balance, all of the units at the related mortgaged real property are residences for senior living. Based on the December 31, 2013 rent roll, forty-four (44) units are dedicated to independent living and ninety (90) units are dedicated to assisted living needs. The underlying mortgage loan documents permit the borrower to adjust the acuity mix at the mortgaged real property by up to twenty-six (26) units until November 30, 2014. Six months prior to the maturity date of the underlying mortgage loan, the borrower is permitted to convert all units at the mortgaged real property so long as current annualized net income is equal to or greater than 115% of the annualized net income at loan commitment of \$3,449,443. We cannot assure you that any licensing requirements or reliance upon Medicaid revenues, Medicare revenues or other revenues related to services provided at the mortgaged real property will not adversely impact operations at or the value of the mortgaged real property or that any such licenses or permits will be renewed or kept in place.

In addition, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 of this information circular as “Arbor Terrace Peachtree City,” representing 5.4% of the initial mortgage pool balance, all of the units at the related mortgaged real property are residences for senior living. One hundred twelve (112) units are dedicated to independent living and thirty-three (33) units are dedicated to assisted living needs. The underlying mortgage loan documents permit the borrower to convert up to seventeen (17) independent living units to fourteen (14) Alzheimer’s and memory care needs units. We cannot assure you that any licensing requirements or reliance upon Medicaid revenues, Medicare revenues or other revenues related to services provided at the mortgaged real property will not adversely impact operations at or the value of the mortgaged real property or that any such licenses or permits will be renewed or kept in place.

Underlying Mortgage Loans That Are Subject to Ground Leases Can Pose Unique Risks. With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as “The Hallmark At Battery Park,” representing 12.1% of the initial mortgage pool balance, the underlying mortgage loan is secured by the borrower’s subleasehold interest in the mortgaged real property. The mortgaged real property is subject to a sublease agreement between the borrower and the Battery Park City Authority, as master tenant under a ground lease from the BPC Development Corporation, as master landlord. The borrower’s sublease interest expires on June 17, 2069, one day prior to the expiration of the related master lease. Pursuant to the sublease, rental payments are generally equal to the greater of 10.0% of net cash flow or a minimum base rent which is fixed pursuant to a schedule provided in the sublease. Pursuant to the ground lease, the minimum base rent for the year 2014 is equal to \$314,275, and is subject to increase pursuant to the rent schedule up to an amount of \$442,216 in the year 2021. After 2021, the rental payments adjust every fifteen (15) years based on the greater of 6.0% of market land value based on an appraisal and a set percentage (which increases during the term) multiplied by the prior year’s base rent. With respect to the master lease agreement, the mortgaged real property is subject to a payment-in-lieu of taxes (“PILOT”) agreement pursuant to which payments in lieu of taxes are made to the Battery Park City Authority. The master tenant is required to pay the greater of the PILOT or a stated PILOT fee for the respective tax year as described in a minimum PILOT payment schedule provided in the master lease. The PILOT payments are payable in equal semi-annual installments during the tax year, in advance of the first day of each January and July. We cannot assure you that the foregoing circumstances at the mortgaged real property will not adversely impact the mortgaged real property or the borrower’s ability to generate sufficient cash flow to satisfy debt service payments and operating expenses.

The Success of an Income-Producing Property Depends on Reletting Vacant Spaces. The operations at or the value of an assisted living and/or independent living facility property will be adversely affected if the owner or property manager is unable to renew residency agreements or leases or relet space on comparable terms when existing residency agreements or leases expire and/or become defaulted. Even if vacated space is successfully relet, the costs associated with reletting can be substantial and could reduce cash flow from the income-producing properties. Moreover, if a resident or tenant at an income-producing property defaults in its lease obligations, the landlord may incur substantial costs and experience significant delays associated with enforcing its rights and protecting its investment, including costs incurred in renovating and reletting the property. We cannot assure you that the foregoing circumstances will not adversely impact operations at or the value of the mortgaged real properties. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans” in this information circular.

If an income-producing property has multiple residents or tenants, re-leasing expenditures may be more frequent than in the case of a property with fewer residents or tenants, thereby reducing the cash flow generated by the multi-tenanted property. If a smaller income-producing property has fewer residents or tenants, increased vacancy rates may have a greater possibility of adversely affecting operations at or the value of the related mortgaged real property, thereby reducing the cash flow generated by the property. For example, with respect to five (5) of the underlying mortgage loans, collectively representing 11.6% of the initial mortgage pool balance, the related mortgaged real properties include one hundred (100) or fewer units. Similarly, if an income producing property has a number of short-term leases, re-leasing expenditures may be more frequent, thereby reducing the cash flow generated by such property.

Property Value May Be Adversely Affected Even When Current Operating Income Is Not. Various factors may affect the value of assisted living and/or independent living facility properties without affecting their current net operating income, including—

- changes in interest rates;
- the availability of refinancing sources;
- changes in governmental regulations, licensing or fiscal policy;
- changes in zoning or tax laws; and
- potential environmental or other legal liabilities.

Maintaining a Property in Good Condition May Be Costly. The owner may be required to expend a substantial amount to maintain, renovate or refurbish an assisted living and/or independent living facility property. Failure to do so may materially impair the property's ability to generate cash flow. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements. Even superior construction will deteriorate over time if management does not schedule and perform adequate maintenance in a timely fashion. We cannot assure you that an income-producing property will generate sufficient cash flow to cover the increased costs of maintenance and capital improvements in addition to paying debt service on the underlying mortgage loan(s) that may encumber that property.

The proportion of older mortgaged real properties may adversely impact payments on the underlying mortgage loans on a collective basis. For example, with respect to one (1) mortgaged real property, representing 1.5% of the initial mortgage pool balance, all or part of the mortgaged real property was constructed prior to 1980. We cannot assure you that a proportion of underlying mortgage loans being secured by older mortgaged real properties will not adversely impact cash flow at the mortgaged real properties on a collective basis or that it will not adversely affect payments related to your investment.

Certain of the mortgaged real properties may currently be undergoing or are expected to undergo in the future redevelopment or renovation. We cannot assure you that any current or planned redevelopment or renovation will be completed, that such redevelopment or renovation will be completed in the time frame contemplated, or that, when and if redevelopment or renovation is completed, such redevelopment or renovation will improve the operations at, or increase the value of, the subject property. Failure of any of the foregoing to occur could have a material negative impact on the related underlying mortgage loan, which could affect the ability of the related borrower to repay the underlying mortgage loan.

In the event the related borrower (or a resident or a tenant, if applicable) fails to pay the costs of work completed or material delivered in connection with ongoing redevelopment or renovation, the portion of the mortgaged real property on which there is construction may be subject to mechanic's or materialmen's liens that may be senior to the lien of the related underlying mortgage loan.

The existence of construction at a mortgaged real property may make such mortgaged real property less attractive to residents or tenants and, accordingly, could have a negative effect on net operating income.

If the special servicer forecloses on behalf of the issuing entity on a mortgaged real property that is being redeveloped or renovated, pursuant to the REMIC Provisions, the special servicer will only be permitted to arrange for completion of the redevelopment or renovation if more than 10% of the costs of construction were incurred at the time the default on the related underlying mortgage loan became imminent. As a result, the issuing entity may not realize as much proceeds upon disposition of a foreclosure property as it would if it were permitted to complete construction.

Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on an Underlying Mortgage Loan. Under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), the filing of a petition in bankruptcy by or against a borrower will stay the sale of a real property owned by that borrower, as well as the commencement or continuation of a foreclosure action.

In addition, if a court determines that the value of a real property is less than the principal balance of the underlying mortgage loan it secures, the court may reduce the amount of secured indebtedness to the then-value of the property. This would make the lender a general unsecured creditor for the difference between the then-value of the property and the amount of its outstanding mortgage indebtedness.

A bankruptcy court also may—

- grant a debtor a reasonable time to cure a payment default on an underlying mortgage loan;
- reduce monthly payments due under an underlying mortgage loan;
- change the rate of interest due on an underlying mortgage loan; or
- otherwise alter an underlying mortgage loan's repayment schedule.

Furthermore, the borrower, as debtor-in-possession, or its bankruptcy trustee has special powers to avoid, subordinate or disallow debts. In some circumstances, the claims of a secured lender, such as the issuing entity, may be subordinated to financing obtained by a debtor-in-possession subsequent to its bankruptcy.

Under the Bankruptcy Code, a lender will be stayed from enforcing a borrower's assignment of rents and leases. The legal proceedings necessary to resolve these issues can be time consuming and may significantly delay the receipt of rents. Rents also may escape an assignment to the extent they are used by borrower to maintain its property or for other court authorized expenses.

As a result of the foregoing, the issuing entity's recovery with respect to borrowers in bankruptcy proceedings may be significantly delayed, and the total amount ultimately collected may be substantially less than the amount owed. Certain of the key principals or sponsors of the borrowers may have declared bankruptcy in the past, which may mean they are more likely to declare bankruptcy again in the future or put the borrowing entities into bankruptcy in the future.

Pursuant to the doctrine of substantive consolidation, a bankruptcy court, in the exercise of its equitable powers, has the authority to order that the assets and liabilities of a borrower be consolidated with those of a bankrupt affiliate for the purposes of making distributions under a plan of reorganization or liquidation. Thus, property that is ostensibly the property of a borrower may become subject to the bankruptcy case of an affiliate, the automatic stay applicable to such bankrupt affiliate may be extended to a borrower and the rights of creditors of a borrower may become impaired.

With respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as "Harvard Square," "Arbor Terrace Peachtree City," "Parkview In Frisco," "Pine Ridge Of Garfield," "Pine Ridge Of Plumbrook," "Villas Of Shelby" and "Pine Ridge Of Hayes," collectively representing 26.6% of the initial mortgage pool balance, the mortgaged real properties are leased by the applicable borrowers to operating lessees pursuant to operating leases.

The operating leases generally provide that the mortgaged real properties may only be used as healthcare services facilities that provide assisted living facilities, independent living facilities, Alzheimer's disease and/or memory care units, as applicable. The operating lessees are generally required to, among other things, operate the mortgaged properties in a manner that complies with all required licenses and government authorizations. Subject to certain non-disturbance provisions of the operating leases, the operating leases are generally subject and subordinate to the related underlying mortgage loans. We cannot assure you that an operating lessee will not file for bankruptcy protection or that creditors of an operating lessee will not initiate a bankruptcy or similar proceeding against such operating lessee. A bankruptcy with respect to an operating lessee could result in the operating lease being recharacterized as a loan from the operating lessor to the operating lessee. If an operating lease were recharacterized as a loan, the operating lease would be a deemed loan and the operating lessee would gain a number of potential benefits in a bankruptcy case. The operating lessee could retain possession of the properties during the pendency of the bankruptcy case without having to comply with the ongoing post-petition rent requirements of section 365(d)(3) of the Bankruptcy Code, which requires tenants to start paying rent within 60 days following the commencement of the bankruptcy case while deciding whether to assume or reject a lease of nonresidential real property. The

operating lessee desiring to remain in possession of the properties would not have to assume the operating lease within 210 days following the commencement of the bankruptcy case pursuant to Section 365(d)(4) of the Bankruptcy Code or comply with the conditions precedent to assumption, including curing all defaults, compensating for damages and giving adequate assurance of future performance. To the extent the deemed loan is under-secured, the operating lessee would be able to limit the secured claim to the then-current value of the mortgaged real properties and treat the balance as a general unsecured claim. The operating lessee also might assert that the entire claim on the deemed loan is an unsecured claim. In *Liona Corp., Inc. v. PCH Associates (In re PCH Associates)*, 949 F.2d 585 (2d Cir. 1991), the court considered the effect of recharacterizing a sale leaseback transaction as a financing rather than a true lease. The court held that the landlord's record title to the leased property should be treated as an equitable mortgage securing the deemed loan. Under the reasoning of that case, if the operating lease were recharacterized as a loan, the operating lessor would have a claim against the operating lessee secured by an equitable mortgage. That secured claim has been collaterally assigned to the lender pursuant to the assignment of leases and rents. However, the legal authority considering the effects of such a recharacterization is limited, and we cannot assure you that a bankruptcy court would follow the reasoning of the PCH Associates case.

Income from, and the market value of, a mortgaged real property could be adversely affected by the bankruptcy or insolvency of an operating lessee. We cannot assure you that the operating lessees will continue making payments under the operating leases to the operating lessors or that any operating lessees will not file for bankruptcy protection in the future or, if any operating lessees so file, that they will continue to make rental payments in a timely manner. There is also a risk that any operating lessee that files for bankruptcy protection may reject the related operating lease. Pursuant to Section 502(b)(6) of the Bankruptcy Code, a lessor's damages for lease rejection are limited to the amount owed for the unpaid rent reserved under the lease for the periods prior to the bankruptcy petition (or earlier repossession or surrender of the leased premises) which are unrelated to the rejection, plus the greater of one year's rent or 15% of the remaining rent reserved under the lease (but not to exceed three years' rent). If any of the operating leases were recharacterized as a secured loan from the operating lessor to the operating lessee, the Section 502(b)(6) cap on lease rejection damages would not apply, and the rent stream would provide the measure of the debt. A valid equitable mortgage on a mortgaged real property would likely extend to rents from the property paid after the commencement of the bankruptcy case. However, if the operating leases were also recharacterized as a part of a financing, the filing of bankruptcy petitions by the operating lessees might cut off the lender's perfection in post-petition operating income from the related mortgaged real properties to the extent such income did not constitute rental income. The legal authority considering the effects of recharacterization is limited, and we cannot assure you that a bankruptcy court would follow the analysis discussed in this paragraph.

Fraudulent Transfer Considerations. Each borrower has executed a mortgage encumbering its interest in the related mortgaged real property, which secures repayment of the underlying mortgage loan. Cross-collateralization and cross-default arrangements could be challenged as a fraudulent transfer or conveyance by creditors of that borrower in an action outside a bankruptcy case or by the representative of a borrower or operating lessee's bankruptcy estate or certain other parties in interest in a bankruptcy case. Generally, under federal and most state fraudulent conveyance statutes, the incurrence of an obligation or the transfer of property or an interest in property by a person or entity will be subject to avoidance under certain circumstances if the person or entity (a) transferred such property with the actual intent to hinder, delay or defraud its creditors or (b) did not receive fair consideration or reasonably equivalent value in exchange for such obligation or transfer and (i) was insolvent or was rendered insolvent by such obligation or transfer, (ii) was engaged in business or a transaction, or was about to engage in business or a transaction, for which any property remaining with the person or entity constituted unreasonably small capital, or (iii) intended to, or believed that it would, incur debts that would be beyond the person's or entity's ability to pay as such debts matured. The measure of insolvency will vary depending on the law of the applicable jurisdiction. However, an entity will generally be considered insolvent if the present fair salable value of its assets is less than (x) the sum of its debts and (y) the amount that would be required to pay its probable liabilities on its existing debts as they become absolute and matured.

Accordingly, a lien granted by a borrower to secure the repayment of an underlying mortgage loan in excess of its allocated share could be avoided if a court were to determine that (i) such borrower was insolvent at the time of granting the lien, was rendered insolvent by the granting of the lien, or was left with inadequate capital, or was not able to pay its debts as they matured and (ii) the borrower did not, when it allowed the related mortgaged real property to be encumbered by a lien securing the entire indebtedness represented by the underlying mortgage loan,

receive fair consideration or reasonably equivalent value for pledging such mortgaged real property for the equal benefit of each other borrower.

Although each borrower has agreed to provide for appropriate allocation of contribution liabilities and other obligations as among the borrowers, we cannot assure you that such a fraudulent transfer challenge would not be made or, if made, that it would not be successful.

Among other things, a legal challenge to the granting of a lien and/or the incurrence of an obligation by a borrower may focus on the benefits realized by such borrower from the underlying mortgage loan proceeds, as well as the overall cross-collateralization. If a court were to find or conclude that the granting of the liens or the incurrence of the obligations associated with an underlying mortgage loan was an avoidable fraudulent transfer or conveyance with respect to a particular borrower, that court could subordinate all or part of the underlying mortgage loan to existing or future indebtedness of such borrower or operating lessee, recover the payments made under the underlying mortgage loan by such borrower, or take other actions detrimental to the certificateholders, including under certain circumstances, invalidating the underlying mortgage loan or the mortgages securing the underlying mortgage loan.

Property Management Is Important to the Successful Operation of the Mortgaged Real Property. The successful operation of an assisted living and/or independent living facility depends in part on the performance and viability of the property manager. The property manager is generally responsible for:

- operating the property and providing building services;
- establishing and implementing the levels of service fees or rental structure;
- purchasing inventories, provisions, food, supplies and other expendable items, and providing dining services;
- managing operating expenses;
- recruiting, hiring, supervising and training employees;
- obtaining, renewing and maintaining licenses and permits;
- responding to changes in the demand for units and amenities at the property or for services provided by the property;
- responding to changes in the local market; and
- advising the borrower with respect to maintenance and capital improvements.

Properties deriving revenues primarily from short-term residency agreements or leases generally are more management intensive than properties leased to creditworthy residents or tenants under long-term residency agreements or leases.

A good property manager, by controlling costs, providing necessary services to tenants and overseeing and performing maintenance or improvements on the property, can improve cash flow, reduce vacancies, reduce leasing and repair costs and preserve building value. On the other hand, management errors can, in some cases, impair short-term cash flow and the long-term viability of an income-producing property. Income realized from operations at a property may be affected by management decisions relating to the property, which in turn may be affected by events or circumstances impacting the property manager, its financial condition or results of operation.

We cannot assure you that the current property managers will continue to act as property manager or that they will manage the properties successfully. The loan documents generally permit the related borrowers to appoint as a replacement property manager another professional management company meeting certain conditions set forth in the loan documents, including the consent of the lender. We do not make any representation or warranty as to the skills of any present or future property managers with respect to the mortgaged real properties that will secure the

underlying mortgage loans. Certain of the property managers may also own or manage other properties, including directly competing properties. Accordingly, the property managers may experience conflicts of interest in the management of the properties. Furthermore, we cannot assure you that any property managers will be in a financial condition to fulfill their management responsibilities throughout the terms of their respective management agreements. In addition, certain of the mortgaged real properties are managed by affiliates of the applicable borrower. If an underlying mortgage loan is in default or undergoing special servicing, this could disrupt the management of the mortgaged real property and may adversely affect cash flow.

The Performance of an Underlying Mortgage Loan and the Related Mortgaged Real Property Depends in Part on Who Controls the Borrower and the Related Mortgaged Real Property. The operation and performance of an underlying mortgage loan will depend in part on the identity of the persons or entities that control the related borrower and the related mortgaged real property. The performance of the underlying mortgage loan may be adversely affected if control of the borrower changes, which may occur, for example, by means of transfers of direct or indirect ownership interests in such borrower. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Due-on-Sale and Due-on-Encumbrance Provisions” in this information circular.

Losses on Larger Loans May Adversely Affect Distributions on the Certificates. Certain of the underlying mortgage loans have Cut-off Date Principal Balances that are substantially higher than the average Cut-off Date Principal Balance. In general, these concentrations can result in losses that are more severe than would be the case if the total principal balance of the underlying mortgage loans backing the offered certificates were more evenly distributed. The following chart lists the ten (10) largest mortgage loans (including the groups of cross-collateralized underlying mortgage loans) that are to be included in the issuing entity. For additional information on the ten (10) largest underlying mortgage loans (or groups of cross-collateralized underlying mortgage loans), see Exhibit A-3 to this information circular.

Ten Largest Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans

Loan/Portfolio Name	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance ⁽¹⁾
The Meadows Of Glen Ellyn.....	\$49,184,345	12.8%
The Hallmark At Battery Park.....	46,402,750	12.1
Michigan Independent Living Portfolio ⁽²⁾	39,853,604	10.4
Village At Proprietors Green.....	38,350,000	10.0
The Hallmark Of Creve Coeur.....	37,793,285	9.8
Trillium Place.....	35,970,095	9.4
Horizon Bay At Hyde Park.....	35,000,000	9.1
Harvard Square.....	21,500,000	5.6
Arbor Terrace Peachtree City.....	20,700,000	5.4
Parkview In Frisco.....	20,000,000	5.2
Total	\$344,754,079	89.8%

(1) Amounts may not add up to the totals shown due to rounding.

(2) Represents the combined Cut-off Date Principal Balance for the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “Pine Ridge Of Garfield,” “Pine Ridge Of Plumbrook,” “Villas Of Shelby” and “Pine Ridge Of Hayes”. See “Description of the Underlying Mortgage Loans—Cross-Collateralized Mortgage Loans and Mortgage Loans with Affiliated Borrowers” in this information circular.

Enforceability of Cross-Collateralization Provisions May Be Challenged and the Benefits of These Provisions May Otherwise Be Limited. The underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “Pine Ridge Of Garfield,” “Pine Ridge Of Plumbrook,” “Villas Of Shelby” and “Pine Ridge Of Hayes,” collectively representing 10.4% of the initial mortgage pool balance, and “Emeritus At Brea” and “Emeritus At Whittier,” collectively representing 3.7% of the initial mortgage pool balance, are cross-collateralized. These arrangements attempt to reduce the risk that one mortgaged real property may not generate enough net operating income to pay debt service and to reduce realized losses in the event

of liquidation. However, cross-collateralization arrangements involving more than one borrower could be challenged as a fraudulent conveyance and avoided if a court were to determine that:

- such borrower was insolvent at the time of granting the lien, was rendered insolvent by the granting of the lien, or was left with unreasonably small capital, or was not able to pay its debts as they matured; and
- the borrower did not, when it allowed its mortgaged real property to be encumbered by a lien securing the entire indebtedness represented by the other mortgage loan, receive fair consideration or reasonably equivalent value for pledging such mortgaged real property for the equal benefit of the other borrower.

If the lien is avoided, the lender would lose the benefits afforded by such lien.

See “Description of the Underlying Mortgage Loans—Cross-Collateralized Mortgage Loans and Mortgage Loans with Affiliated Borrowers” in this information circular.

Mortgage Loans to Related Borrowers May Result in More Severe Losses on the Offered Certificates. Certain groups of the underlying mortgage loans were made to the same borrower or to borrowers under common ownership. See “Description of the Underlying Mortgage Loans—Cross-Collateralized Mortgage Loans and Mortgage Loans with Affiliated Borrowers” in this information circular. Other than with respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “Pine Ridge Of Garfield,” “Pine Ridge Of Plumbrook,” “Villas Of Shelby” and “Pine Ridge Of Hayes,” collectively representing 10.4% of the initial mortgage pool balance, and “Emeritus At Brea” and “Emeritus At Whittier,” collectively representing 3.7% of the initial mortgage pool balance, none of the underlying mortgage loans is cross-collateralized or cross-defaulted with any other underlying mortgage loan. Underlying mortgage loans with the same borrower or related borrowers pose additional risks. Among other things:

- financial difficulty at one mortgaged real property could cause the owner to defer maintenance at another mortgaged real property in order to satisfy current expenses with respect to the troubled mortgaged real property; and
- the owner could attempt to avert foreclosure on one mortgaged real property by filing a bankruptcy petition that might have the effect of interrupting monthly payments for an indefinite period on all of the related mortgage loans.

In addition, multiple real properties owned by the same borrower or related borrowers are likely to have common management. This would increase the risk that financial or other difficulties experienced by the property manager could have a greater impact on the owner of the underlying mortgaged real properties.

For example, with respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “The Meadows Of Glen Ellyn,” “The Hallmark At Battery Park,” “The Hallmark Of Creve Coeur” and “Trillium Place,” collectively representing 44.1% of the initial mortgage pool balance, the related mortgaged real properties are owned by related borrowers that are under common control by Brookdale Senior Living Inc. and are likely to have common management or related management companies. This increases the risk that financial or other difficulties experienced by the property manager could have a greater impact on the owner of the related underlying mortgaged real properties. In addition, with respect to the underlying mortgage loans identified on Exhibit A-1 to this information circular as “Emeritus At Brea” and “Emeritus At Whittier,” collectively representing 3.7% of the initial mortgage pool balance, the related mortgaged real properties are owned by related borrowers that are under common control by Emeritus Corporation and are likely to have common management or related management companies. In February 2014, Brookdale Senior Living Inc. and Emeritus Corporation announced a merger agreement of their respective senior housing operating companies, which merger has not yet occurred. We cannot assure you that the foregoing circumstances will not adversely impact operations at or the value of the mortgaged real properties.

See “Description of the Underlying Mortgage Loans—Cross-Collateralized Mortgage Loans and Mortgage Loans with Affiliated Borrowers” in this information circular.

A Borrower's Other Loans May Reduce the Cash Flow Available To Operate and Maintain the Related Mortgaged Real Property or May Interfere with the Issuing Entity's Rights Under the Related Underlying Mortgage Loan, Thereby Adversely Affecting Distributions on the Offered Certificates. As described under “—Subordinate Financing Increases the Likelihood That a Borrower Will Default on an Underlying Mortgage Loan” below and “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this information circular, all mortgaged real properties may be encumbered in the future by other subordinate debt. In addition, subject, in some cases, to certain limitations relating to maximum amounts, the borrowers generally may incur trade and operational debt or other unsecured debt and enter into equipment and other personal property and fixture financing and leasing arrangements, in connection with the ordinary operation and maintenance of the related mortgaged real property. Furthermore, in the case of any underlying mortgage loan that requires or allows letters of credit to be posted by the related borrower as additional security for the underlying mortgage loan, in lieu of reserves or otherwise, the borrower may be obligated to pay fees and expenses associated with the letter of credit and/or to reimburse the letter of credit issuer in the event of a draw on the letter of credit by the lender.

The existence of other debt could:

- adversely affect the financial viability of a borrower by reducing the cash flow available to the borrower to operate and maintain the mortgaged real property;
- adversely affect the security interest of the lender in the equipment or other assets acquired through its financings;
- complicate bankruptcy proceedings; and
- delay foreclosure on the mortgaged real property.

Changes in Mortgage Pool Composition Can Change the Nature of Your Investment. The underlying mortgage loans will amortize at different rates and mature on different dates. In addition, some of those mortgage loans may be prepaid or liquidated. As a result, the relative composition of the mortgage loan pool will change over time.

If you purchase certificates with a pass-through rate that is equal to or calculated based upon a weighted average of interest rates on the underlying mortgage loans, your pass-through rate will be affected, and may decline, as the relative composition of the mortgage pool changes.

In addition, as payments and other collections of principal are received with respect to the underlying mortgage loans, the remaining mortgage pool backing the certificates may exhibit an increased concentration with respect to number and affiliation of borrowers and geographic location.

Geographic Concentration of the Mortgaged Real Properties May Adversely Affect Distributions on the Offered Certificates. The concentration of mortgaged real properties in a specific state or region will make the performance of the underlying mortgage loans, as a whole, more sensitive to the following factors in the state or region where the borrowers and the mortgaged real properties are concentrated:

- economic conditions, including real estate market conditions;
- changes in governmental rules and fiscal policies;
- regional factors such as earthquakes, floods, forest fires or hurricanes;
- acts of God, which may result in uninsured losses; and
- other factors that are beyond the control of the borrowers.

The mortgaged real properties are located in eleven (11) states. The table below sets forth the states in which mortgaged real properties that secure underlying mortgage loans collectively representing 5.0% or more of the initial mortgage pool balance are located. Except as set forth below, no state contains mortgaged real properties that secure

underlying mortgage loans collectively representing more than 3.7%, by Cut-off Date Principal Balance or allocated loan amount, of the initial mortgage pool balance.

Significant Geographic Concentrations of Mortgaged Real Properties

State	Number of Mortgaged Real Properties	% of Initial Mortgage Pool Balance
Illinois	1	12.8%
New York	1	12.1%
Michigan	4	10.4%
Georgia	2	10.2%
Massachusetts	1	10.0%
Missouri	1	9.8%
Ohio	1	9.4%
Florida	1	9.1%
Colorado	2	7.3%
Texas	1	5.2%

For a discussion of certain legal aspects related to states in which mortgaged real properties that secure underlying mortgage loans collectively representing more than 10% of the initial mortgage pool balance are located, see “Description of the Underlying Mortgage Loans—Certain Legal Aspects of the Underlying Mortgage Loans” in this information circular.

Subordinate Financing Increases the Likelihood That a Borrower Will Default on an Underlying Mortgage Loan. No underlying mortgage loan included in the issuing entity is encumbered with a subordinate lien except for limited permitted encumbrances. Moreover, other than with respect to future subordinate debt meeting specified criteria, as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this information circular, the underlying mortgage loans require the consent of the holder of the underlying mortgage loan prior to so encumbering the related mortgaged real property. However, a violation of this prohibition may not become evident until the affected underlying mortgage loan otherwise defaults, and a lender, such as the issuing entity, may not realistically be able to prevent a borrower from incurring subordinate debt.

The borrowers under all of the underlying mortgage loans are permitted to incur an additional limited amount of indebtedness secured by the related mortgaged real properties beginning twelve (12) months after the origination date of each underlying mortgage loan. Under the related loan documents, it is a condition to the incurrence of any future secured subordinate indebtedness on these underlying mortgage loans that, among other things: (a) the total loan-to-value ratio of these loans be below, and the debt service coverage ratio be above, certain thresholds set out in the loan documents and (b) subordination agreements and intercreditor agreements be put in place between the issuing entity and the related lenders. In the event a borrower satisfies these conditions, the borrower is permitted to obtain secured subordinate debt from approved lenders who will make such subordinate financing exclusively for purchase by Freddie Mac. The related intercreditor agreement will provide that the subordinate debt may be transferred to certain “qualified transferees” meeting certain minimum net worth requirements or other criteria set forth in such intercreditor agreement.

The existence of any secured subordinated indebtedness increases the difficulty of refinancing an underlying mortgage loan at the loan’s maturity. In addition, the related borrower may have difficulty repaying multiple loans. Moreover, the filing of a petition in bankruptcy by, or on behalf of, a junior lienholder may stay the senior lienholder from taking action to foreclose out the junior lien.

Certain Of The Underlying Mortgage Loans Are Seasoned Loans. The underlying mortgage loans were originated between January 29, 2013 and February 5, 2014. The underlying mortgage loans were underwritten in connection with Freddie Mac’s purchase of the mortgage loans. Environmental assessments, property condition assessments and appraisals were generally performed in connection with the origination of the underlying mortgage loans, but neither we nor the mortgage loan seller obtained updated environmental assessments or property condition assessments in connection with this securitization. However, with respect to certain of the underlying mortgage loans identified on Exhibit A-1 of this information circular, the mortgage loan seller obtained updated appraisals in

connection with this securitization. We cannot assure you that the information in such environmental assessments, property condition reports and appraisals reflects the current condition of, or a reliable estimate of the current value of, the mortgaged real properties. In addition, due diligence with respect to the use of the mortgaged real properties as assisted living facilities and/or independent facilities, including the status of the licenses required to operate the facilities, where applicable, was conducted at the time of origination of the underlying mortgage loans and updated in accordance with the monitoring practices customarily utilized by the mortgage loan seller and its servicers pursuant to the Guide, but neither we nor the mortgage loan seller conducted additional due diligence in connection with this securitization. We cannot assure you that the information with respect to the required licenses remains current with respect to the mortgaged real properties.

The Type of Borrower May Entail Risk. Mortgage loans made to partnerships, corporations or other entities may entail risks of loss from delinquency and foreclosure that are greater than those of mortgage loans made to individuals. The borrower's sophistication and form of organization may increase the likelihood of protracted litigation or bankruptcy in default situations.

With respect to all of the underlying mortgage loans, the borrowers' organizational documents or the terms of the underlying mortgage loans limit the borrowers' activities to the ownership of only the related mortgaged real properties and, subject to exceptions, including relating to subordinate debt secured by the mortgaged real properties, generally limit the borrowers' ability to incur additional indebtedness other than trade payables and equipment financing relating to the mortgaged real properties in the ordinary course of business. These provisions are designed to mitigate the possibility that the borrowers' financial condition would be adversely impacted by factors unrelated to the mortgaged real property and the underlying mortgage loan. However, we cannot assure you that the borrowers will comply with these requirements. Also, although a borrower may currently be structured as a single-purpose entity, such borrower may have previously owned property other than the mortgaged real property and/or may not have observed all covenants and conditions which typically are required to view a borrower as a "single purpose entity" under standard NRSRO criteria. We cannot assure you that circumstances that arose or may arise when the borrower did not or does not observe the required covenants will not impact the borrower or the mortgaged real property. In addition, borrowers that are not single-purpose entities structured to limit the possibility of becoming insolvent or bankrupt may be more likely to become insolvent or subject to a voluntary or involuntary bankruptcy proceeding because the borrowers may be operating entities with a business distinct from the operation of the mortgaged real property with the associated liabilities and risks of operating an ongoing business or individuals that have personal liabilities unrelated to the mortgaged real property. However, any borrower, even a single-purpose entity structured to be bankruptcy-remote, as an owner of real estate, will be subject to certain potential liabilities and risks. We cannot assure you that any borrower will not file for bankruptcy protection or that creditors of a borrower or a corporation or individual general partner or managing member of a borrower will not initiate a bankruptcy or similar proceeding against the borrower or corporate or individual general partner or managing member.

None of the borrowers has an independent director whose consent would be required to file a voluntary bankruptcy petition on behalf of such borrower. One of the purposes of an independent director of the borrower (or of a single purpose entity having an interest in the borrower) is to avoid a bankruptcy petition filing which is intended solely to benefit an affiliate and is not justified by the borrower's own economic circumstances. Borrowers (and any single purpose entity having an interest in any such borrowers) that do not have an independent director may be more likely to file a voluntary bankruptcy petition and therefore less likely to repay the related mortgage loan. Even in the case of borrowers with independent directors, we cannot assure you that a borrower will not file for bankruptcy protection, that creditors of a borrower will not initiate a bankruptcy or similar proceeding against such borrower, or that, if initiated, a bankruptcy case of the borrower could be dismissed.

Pursuant to Section 364 of the Bankruptcy Code, a bankruptcy court may, under certain circumstances, authorize a debtor to obtain credit after the commencement of a bankruptcy case, secured among other things, by senior, equal or junior liens on property that is already subject to a lien. In the recent bankruptcy case of General Growth Properties, the debtors initially sought approval of a debtor-in-possession loan to the corporate parent entities guaranteed by the property-level single purpose entities and secured by second liens on their properties. Although the debtor-in-possession loan ultimately did not include these subsidiary guarantees and second liens, we cannot assure you that, in the event of a bankruptcy of a sponsor, the sponsor would not seek approval of a similar

debtor-in-possession loan, or that a bankruptcy court would not approve a debtor-in-possession loan that included such subsidiary guarantees and second liens on such subsidiaries' properties.

Furthermore, with respect to any affiliated borrowers, creditors of a common parent in bankruptcy may seek to consolidate the assets of those borrowers with those of the parent. Consolidation of the assets of the borrowers would likely have an adverse effect on the funds available to make distributions on the certificates. The bankruptcy of a borrower, or the general partner or the managing member of a borrower, may impair the ability of the lender to enforce its rights and remedies under the related mortgage.

With respect to the underlying mortgage loan secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as "Pine Ridge Of Garfield," "Pine Ridge Of Plumbrook," "Villas Of Shelby" and "Pine Ridge Of Hayes," collectively representing 10.4% of the initial mortgage pool balance, no guarantees of the nonrecourse carveout provisions of the related loan documents were obtained. In addition, some of the underlying mortgage loans may be guaranteed, in whole or in part, by sponsors or other parties that are funds or other entities the terms of which may be subject to expiration or other structural contingencies. In such cases, the loan documents may require such entities to extend their terms or to otherwise take action or provide additional security to the lender regarding the continued existence of such entities during the term of the underlying mortgage loans.

Certain of the Underlying Mortgage Loans Lack Customary Provisions. A number of the underlying mortgage loans lack one or more features that are customary in mortgage loans intended for securitization. Among other things, the borrowers with respect to those underlying mortgage loans are not required to make payments to lockboxes, and may not be required to have an independent director or to maintain reserves for certain expenses, such as taxes, insurance premiums, capital expenditures, tenant improvements and leasing commissions or the requirements to make such payments may be suspended if the related borrower complies with the terms of the related loan documents, or the lenders under such underlying mortgage loans may not have the right to terminate the related property manager upon the occurrence of certain events or require lender approval of a replacement property manager. In addition, although mortgage loans intended to be securitized often have a guarantor with respect to certain bad acts such as fraud, guarantors may not be required with respect to certain of the underlying mortgage loans.

Some Remedies May Not Be Available Following a Mortgage Loan Default. The underlying mortgage loans contain, subject to certain exceptions, "due-on-sale" and "due-on-encumbrance" clauses. These clauses permit the holder of an underlying mortgage loan to accelerate the maturity of the underlying mortgage loan if the related borrower sells or otherwise transfers or encumbers the related mortgaged real property or its interest in the mortgaged real property in violation of the terms of the mortgage. All of the underlying mortgage loans also include a debt-acceleration clause that permits the related lender to accelerate the debt upon specified monetary or non-monetary defaults of the borrower.

The courts of all states will enforce clauses providing for acceleration in the event of a material payment default. The equity courts of a state, however, may refuse the foreclosure or other sale of a mortgaged real property or refuse to permit the acceleration of the indebtedness as a result of a default deemed to be immaterial or if the exercise of these remedies would be inequitable or unjust.

The related borrower generally may collect rents for so long as there is no default. As a result, the issuing entity's rights to these rents will be limited because:

- the issuing entity may not have a perfected security interest in the rent payments until the master servicer, special servicer or sub-servicer collects them;
- the master servicer, special servicer or sub-servicer may not be entitled to collect the rent payments without court action; and
- the bankruptcy of the related borrower could limit the ability of the master servicer, special servicer or sub-servicer to collect the rents.

Sponsor Defaults on Other Mortgage Loans May Adversely Impact and Impair Recovery on an Underlying Mortgage Loan. Principals of the related borrowers under certain of the underlying mortgage loans and/or their affiliates may be subject to defaults with respect to unrelated mortgage loans or, in some cases, with respect to prior mortgage loans that had been secured by real properties currently securing underlying mortgage loans that are assets of the issuing entity. For example, with respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “The Meadows Of Glen Ellyn,” “The Hallmark At Battery Park,” “The Hallmark Of Creve Coeur,” and “Trillium Place,” collectively representing 44.1% of the initial mortgage pool balance, each related sponsor reported at least one current or recent default and sponsor and subsidiary bankruptcy. We cannot assure you that the foregoing circumstances will not have an adverse effect on the liquidity of the sponsors or the borrowers or that such circumstances will not adversely affect the sponsors’ or the borrowers’ ability to maintain each related mortgaged real property, to pay amounts owed on each underlying mortgage loan or to refinance each underlying mortgage loan. See “—Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on an Underlying Mortgage Loan” above.

Lending on Income-Producing Real Properties Entails Environmental Risks. Under various federal and state laws, a current or previous owner or operator of real property may be liable for the costs of cleanup of environmental contamination on, under, at or emanating from, the property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the contamination. The costs of any required cleanup and the owner’s liability for these costs are generally not limited under these laws and could exceed the value of the property and/or the total assets of the owner. Contamination of a property may give rise to a lien on the property to assure the costs of cleanup. An environmental lien may have priority over the lien of an existing mortgage. In addition, the presence of hazardous or toxic substances, or the failure to properly clean up contamination on the property, may adversely affect the owner’s or operator’s future ability to refinance the property.

Certain environmental laws impose liability for releases of asbestos into the air, and govern the responsibility for the removal, encapsulation or disturbance of asbestos-containing materials when the asbestos-containing materials are in poor condition or when a property with asbestos-containing materials undergoes renovation or demolition. Certain laws impose liability for lead-based paint, lead in drinking water, elevated radon gas inside buildings and releases of polychlorinated biphenyl compounds. Third parties may also seek recovery from owners or operators of real property for personal injury or property damage associated with exposure to asbestos, lead, radon, polychlorinated biphenyl compounds and any other contaminants.

Pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (“CERCLA”) as well as some other federal and state laws, a secured lender, such as the issuing entity, may be liable as an “owner” or “operator” of the real property, regardless of whether the borrower or a previous owner caused the environmental damage, if—

- prior to foreclosure, agents or employees of the lender participate in the management or operational affairs of the borrower; or
- after foreclosure, the lender fails to seek to divest itself of the facility at the earliest practicable commercially reasonable time on commercially reasonable terms, taking into account market conditions and legal and regulatory requirements.

Although the Asset Conservation, Lender Liability, and Deposit Insurance Protection Act of 1996 (the “Lender Liability Act”) attempted to clarify the activities in which a lender may engage without becoming subject to liability under CERCLA or under the underground storage tank provisions of the federal Resource Conservation and Recovery Act (“RCRA”), that legislation itself has not been clarified by the courts and has no applicability to other federal laws or to state environmental laws except as may be expressly incorporated. Moreover, future laws, ordinances or regulations could impose material environmental liability.

Federal law requires owners of residential housing constructed prior to 1978 to disclose to potential residents or purchasers—

- any condition on the property that causes exposure to lead-based paint; and

- the potential hazards to pregnant women and young children, including that the ingestion of lead-based paint chips and/or the inhalation of dust particles from lead-based paint by children can cause permanent injury, even at low levels of exposure.

Property owners may be liable for injuries to their residents or tenants resulting from exposure under various laws that impose affirmative obligations on property owners of residential housing containing lead-based paint.

With respect to all of the mortgaged real properties, Phase I environmental site assessments were prepared in connection with the origination of the underlying mortgage loan, which were originated between January 29, 2013 and February 5, 2014.

If the environmental investigations described above identified material adverse or potentially material adverse environmental conditions at or with respect to any of the respective mortgaged real properties securing an underlying mortgage loan or at a nearby property with potential to affect a mortgaged real property, then the originator may have taken one or more of the following actions:

- an environmental consultant investigated those conditions and recommended no further investigations or remediation;
- an operation and maintenance plan or other remediation was required and/or an escrow reserve was established to cover the estimated costs of obtaining that plan and/or effecting that remediation;
- those conditions were remediated or abated prior to the Closing Date;
- a letter was obtained from the applicable regulatory authority stating that no further action was required;
- another responsible party has agreed to indemnify the holder of the underlying mortgage loan from any losses that such party suffers as a result of such environmental conditions;
- an environmental insurance policy was obtained with respect to the mortgaged real property;
- in those cases in which it was known that an offsite property is the location of a leaking underground storage tank (“UST”) or groundwater contamination, a responsible party other than the related borrower has been identified under applicable law, and generally one or more of the following are true—
 1. that condition is not known to have affected the mortgaged real property; or
 2. the responsible party has either received a letter from the applicable regulatory agency stating no further action is required, established a remediation fund, engaged in responsive remediation, or provided an indemnity or guaranty to the borrower or the mortgagee/lender; and/or
- in those cases involving mortgage loans with an original principal balance of less than \$1,000,000, the borrower expressly agreed to comply with all federal, state and local statutes or regulations respecting the identified adverse environmental conditions.

For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as “Village At Proprietors Green,” representing 10.0% of the initial mortgage pool balance, an environmental consultant reported that a sanitary sewage wastewater treatment plant is located at the mortgaged real property. Based on observation and groundwater sampling, the environmental consultant does not consider the wastewater treatment plant to represent an environmental concern. We cannot assure you that environmental conditions will not adversely impact the operations at or the value of the mortgaged real property.

In addition, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as “Pine Ridge Of Plumbrook,” representing 2.9% of the initial mortgage pool balance, an environmental consultant noted that a property adjacent to the mortgaged real property was listed as a conditionally exempt small quantity generator of hazardous waste, a historic dry cleaner and a baseline

environmental assessment site. The environmental consultant reported that contaminated soil was removed from the adjacent property; however, subsurface contamination was identified beyond the excavation area. Based on the geology and hydrogeology, the environmental consultant recommended no further action at the mortgaged real property. We cannot assure you that environmental conditions will not adversely impact the operations at or the value of the mortgaged real property.

Some borrowers under the underlying mortgage loans may not have satisfied all post-closing obligations required by the related loan documents with respect to environmental matters. We cannot assure you that such post-closing obligations have been satisfied or will be satisfied or that any of the recommended operations and maintenance plans have been or will continue to be implemented.

For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as “Village At Proprietors Green,” representing 10.0% of the initial mortgage pool balance, an environmental consultant reported multiple water-stained ceiling tiles and gypsum drywall ceiling panels at the mortgaged real property caused by minor roof leaks. The environmental consultant recommended that the damaged materials be removed and the area repaired. We cannot assure you that environmental conditions will not adversely impact the operations at or the value of the mortgaged real property.

Furthermore, any particular environmental testing may not have covered all potential adverse conditions. For example, testing for lead-based paint, asbestos-containing materials, lead in water and radon was done only if the use, age, location and condition of the subject property warranted that testing. In general, testing was done for lead based paint only in the case of a property built prior to 1978, for asbestos containing materials only in the case of a property built prior to 1981 and for radon gas only in the case of a property located in an area determined by the Environmental Protection Agency to have a high concentration of radon gas or within a state or local jurisdiction requiring radon gas testing.

We cannot assure you that—

- the environmental testing referred to above identified all material adverse environmental conditions and circumstances at the subject properties;
- the recommendation of the environmental consultant was, in the case of all identified problems, the appropriate action to take; or
- any of the environmental escrows established or letters of credit obtained with respect to any of the underlying mortgage loans will be sufficient to cover the recommended remediation or other action.

Risks Relating to Floating Rate Mortgage Loans. All the underlying mortgage loans bear interest at a floating rate based on LIBOR. None of the underlying mortgage loans is subject to any mortgage capped interest rate. Accordingly, debt service for each underlying mortgage loan will generally increase as interest rates rise, subject to the interest rate cap agreements described in the next paragraph. In contrast, rental income and other income from the mortgaged real properties is not expected to rise as significantly as interest rates rise. Accordingly, the debt service coverage ratio of the underlying mortgage loans will generally be adversely affected by rising interest rates, and the borrower’s ability to make all payments due on the underlying mortgage loans may be adversely affected. Information provided concerning the Underwritten Debt Service Cover Ratios of the underlying mortgage loans is included in the definitions under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans” in this information circular. We cannot assure you that borrowers will be able to make all payments due on the underlying mortgage loans if the interest rates rise.

Fifteen (15) of the underlying mortgage loans, collectively representing 86.1% of the initial mortgage pool balance, that bear interest at uncapped floating interest rates, are secured by interest rate cap agreements that obligate a third-party to pay the applicable borrower an amount equal to the difference between LIBOR and a specified interest rate, multiplied by a notional amount at least equal to the principal balance of the related underlying mortgage loan. Two (2) of the underlying mortgage loans, identified on Exhibit A-1 to this information circular as “Horizon Bay At Hyde Park” and “Arbor Terrace At Crabapple,” collectively representing 13.9% of the initial mortgage pool balance, do not have an interest rate cap agreement. The terms of these interest rate cap agreements expire on or prior to the maturity date of the related underlying mortgage loan, but the related loan

documents obligate the applicable borrower to obtain a new interest rate cap agreement (if applicable). Interest rate cap agreements are intended to provide borrowers with some of the income needed to pay a portion of the interest due on the related underlying mortgage loan. We cannot assure you that the interest rate cap provider for any interest rate cap agreement will have sufficient assets or otherwise be able to fulfill its obligations under the related interest rate cap agreement. The failure of an interest rate cap provider to fulfill its obligations under an interest rate cap during periods of higher levels of LIBOR could result in the inability of a borrower to pay its required debt service on an underlying mortgage loan. Certain information about the interest rate cap providers and the related interest rate caps is provided in the table below.

Rate Cap Provider	Number of Loans	Percent of Mortgage Pool Balance	Long-term Senior Unsecured Debt Rating		
			Moody's	S&P	Fitch
Barclays Bank PLC.....	4	44.3%	A2	A	A
Commonwealth Bank of Australia	3	16.2	Aa2	AA-	AA-
The Bank of New York Mellon.....	6	14.1	Aa2	AA-	AA-
Wells Fargo Bank, National Association	1	9.8	Aa3	AA-	AA-
Royal Bank of Canada	1	1.7	Aa3	AA-	AA
Total.....	15	86.1%			

We cannot assure you that the borrowers will be able to obtain new interest rate cap agreements when they are obligated to do so, nor can we assure you that the terms of such new interest rate cap agreements will be similar to the terms of the existing interest rate cap agreements. The inability of a borrower to obtain a new interest rate cap agreement on similar terms may result in the inability of a borrower to pay its required debt service on an underlying mortgage loan.

Ongoing Investigations Concerning LIBOR Could Adversely Affect Your Investment in the Offered Certificates. Regulators and law enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have been conducting civil and criminal investigations into whether the banks that contributed to the British Bankers' Association (the "BBA") in connection with the calculation of daily LIBOR may have underreported or otherwise manipulated or attempted to manipulate LIBOR. Investigations remain ongoing and we cannot assure you that there will not be findings of rate setting manipulation or that improper manipulation of LIBOR or other similar inter-bank lending rates will not occur in the future.

Based on a review conducted by the Financial Conduct Authority of the United Kingdom (the "FCA") and a consultation conducted by the European Commission, proposals have been made for governance and institutional reform, regulation, technical changes and contingency planning. In particular: (a) new legislation has been enacted in the United Kingdom pursuant to which LIBOR submissions and administration are now "regulated activities" and manipulation of LIBOR has been brought within the scope of the market abuse regime; (b) legislation has been proposed which if implemented would, among other things, alter the manner in which LIBOR is determined, compel more banks to provide LIBOR submissions, and require these submissions to be based on actual transaction data; and (c) LIBOR rates for certain currencies and maturities are no longer published daily. In addition, pursuant to authorization from the FCA, the Intercontinental Exchange Benchmark Administration Limited (the "IBA") (formerly NYSE Euronext Rate Administration Limited) took over the administration of LIBOR from the BBA on February 1, 2014. Any new administrator of LIBOR may make methodological changes to the way in which LIBOR is calculated or may alter, discontinue or suspend calculation or dissemination of LIBOR.

We cannot predict the changes that will ultimately be made to LIBOR, the effect of any such changes of any other reforms to LIBOR that may occur, or the effect of the ongoing LIBOR investigations referred to above. These matters may result in a sudden or prolonged increase or decrease in reported LIBOR rates, LIBOR being more volatile than they have been in the past and/or fewer loans utilizing LIBOR as an index for interest payments. In addition, questions surrounding the integrity in the process for determining LIBOR may have other unforeseen

consequences, including potential litigation against banks and/or obligors on loans. Any uncertainty in the value of LIBOR or the development of a market view that LIBOR was manipulated or may be manipulated may adversely affect the liquidity of the offered certificates in the secondary market and their market value.

Appraisals and Market Studies May Inaccurately Reflect the Value of the Mortgaged Real Properties. In connection with the origination of each of the underlying mortgage loans, which were originated between January 29, 2013 and February 5, 2014, the related mortgaged real property was appraised by an independent appraiser. In addition, with respect to certain of the underlying mortgage loans identified on Exhibit A-1 of this information circular, the mortgage loan seller obtained updated appraisals in connection with this securitization.

Appraisals are not guarantees, and may not be fully indicative of present or future value because—

- they represent the analysis and opinion of the appraiser at the time the appraisal is conducted and the value of the mortgaged real property may have fluctuated since the appraisal was performed;
- we cannot assure you that another appraiser would not have arrived at a different valuation, even if the appraiser used the same general approach to, and the same method of, appraising the mortgaged real property; and
- appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller and therefore, could be significantly higher than the amount obtained from the sale of a mortgaged real property under a distress or liquidation sale.

The appraisals reflect market conditions at the time the appraisals were conducted and may not reflect current values.

We have not confirmed the values of the respective mortgaged real properties in the appraisals.

Property Managers and Borrowers May Each Experience Conflicts of Interest in Managing Multiple Properties. In the case of many of the underlying mortgage loans, the related property managers and borrowers may experience conflicts of interest in the management and/or ownership of the related mortgaged real properties because—

- a substantial number of those mortgaged real properties are managed by property managers affiliated with the respective borrowers;
- the property managers also may manage additional properties, including properties that may compete with those mortgaged real properties; and
- affiliates of the property managers and/or the borrowers, or the property managers and/or the borrowers themselves, also may own other properties, including properties that may compete with those mortgaged real properties.

The Master Servicer, the Special Servicer and any Sub-Servicers May Experience Conflicts of Interest. The master servicer, the special servicer and any sub-servicers will service loans other than those included in the issuing entity in the ordinary course of their businesses. These other loans may be similar to the underlying mortgage loans. The mortgaged real properties securing these other loans may—

- be in the same markets as mortgaged real properties securing the underlying mortgage loans; and/or
- have owners and/or property managers in common with mortgaged real properties securing the underlying mortgage loans; and/or
- be sponsored by parties that also sponsor mortgaged real properties securing the underlying mortgage loans.

In these cases, the interests of the master servicer, the special servicer or a sub-servicer, as applicable, and its other clients may differ from and compete with the interests of the issuing entity and these activities may adversely affect the amount and timing of collections on the underlying mortgage loans. Under the series 2014-KS02 pooling and servicing agreement, the master servicer, the special servicer and any sub-servicers are each required to service the underlying mortgage loans for which it is responsible in accordance with the Servicing Standard.

In addition, the master servicer, the special servicer and any sub-servicer, or one or more of their respective affiliates, may have originated some of the underlying mortgage loans. As a result, the master servicer, the special servicer or any sub-servicer may have interests with respect to such underlying mortgage loans, such as relationships with the borrowers or the sponsors of the borrowers, that differ from, and may conflict with, your interests.

If the Master Servicer, any Sub-Servicer or the Special Servicer Purchases Series 2014-KS02 Certificates or Series K-S02 SPCs, a Conflict of Interest Could Arise Between Their Duties and Their Interests in the Series 2014-KS02 Certificates or Series K-S02 SPCs. The master servicer, any sub-servicer and/or the special servicer or an affiliate of any of them may purchase or retain any of the class B and C certificates or any class of the Series K-S02 SPCs. The ownership of any series 2014-KS02 certificates or Series K-S02 SPCs by the master servicer, any sub-servicer and/or the special servicer could cause a conflict between its duties under the series 2014-KS02 pooling and servicing agreement or the applicable sub-servicing agreement and its interest as a holder of a series 2014-KS02 certificate or a Series K-S02 SPC, especially to the extent that certain actions or events have a disproportionate effect on one or more classes of series 2014-KS02 certificates. However, under the series 2014-KS02 pooling and servicing agreement and the applicable sub-servicing agreement, the master servicer, any sub-servicer and the special servicer are each required to service the underlying mortgage loans in accordance with the Servicing Standard.

Potential Conflicts of Interest in the Selection and Servicing of the Underlying Mortgage Loans. The anticipated initial investor in the class C certificates (the “B-Piece Buyer”) was given the opportunity by the mortgage loan seller and the depositor to perform due diligence on the mortgage loans originally identified by the mortgage loan seller for inclusion in the issuing entity, and to request the removal, re-sizing or change other features of some or all of the underlying mortgage loans, or request the addition of other loans for inclusion in the issuing entity. The B-Piece Buyer was and is acting solely for its own benefit with regard to the adjustment of the underlying mortgage loans included in the issuing entity and has no obligation or liability to any other party. You are not entitled to, and should not, rely in any way on the B-Piece Buyer’s acceptance of any underlying mortgage loans. The inclusion of any underlying mortgage loan in the issuing entity is not an indication of the B-Piece Buyer’s analysis of that underlying mortgage loan nor can it be taken as any endorsement of the underlying mortgage loan by the B-Piece Buyer. In addition, a special servicer (whether the initial special servicer or a successor special servicer) may enter into one or more arrangements with the B-Piece Buyer, the series 2014-KS02 directing certificateholder or any other certificateholder (or an affiliate or a third-party representative of any such party) to provide for a discount and/or revenue sharing with respect to certain of the special servicer compensation in consideration of, among other things, the appointment (or continuance) of such special servicer under the series 2014-KS02 pooling and servicing agreement and the establishment of limitations on the right of such person to replace the special servicer. Each of these relationships should be considered carefully by you before you invest in any series 2014-KS02 certificates.

We cannot assure you that you or another investor would have made the same requests to modify the mortgage pool as the B-Piece Buyer or that the final pool as influenced by the B-Piece Buyer’s feedback will not adversely affect the performance of the series 2014-KS02 certificates and benefit the performance of the B-Piece Buyer’s series 2014-KS02 certificates. Because of the differing subordination levels and pass-through rates, and the fact that only the offered certificates are guaranteed by Freddie Mac, the B-Piece Buyer has interests that may, in some circumstances, differ from those of purchasers of other classes of series 2014-KS02 certificates, including the offered certificates, and may desire a portfolio composition that benefits the B-Piece Buyer but that does not benefit other investors. In addition, the B-Piece Buyer may enter into hedging or other transactions or otherwise have business objectives that also could cause its interests with respect to the loan pool to diverge from those of other purchasers of the series 2014-KS02 certificates.

Upon the occurrence and during the continuance of any Affiliated Borrower Loan Event with respect to the B-Piece Buyer (if the B-Piece Buyer is the series 2014-KS02 directing certificateholder) and any underlying mortgage

loan, the B-Piece Buyer's (i) right to approve and consent to certain actions with respect to such underlying mortgage loan, (ii) right to purchase such underlying mortgage loan from the issuing entity and (iii) access to certain information and reports regarding such underlying mortgage loan will be restricted as described in "The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Series 2014-KS02 Directing Certificateholder" and "—Asset Status Report" in this information circular.

Because the incentives and actions of the B-Piece Buyer may, in some circumstances, differ from or be adverse to those of purchasers of other classes of certificates, you are advised and encouraged to make your own investment decision based on a careful review of the information set forth in this information circular and your own view of the underlying mortgage loans.

The Master Servicer and the Special Servicer Will Be Required To Service Certain Underlying Mortgage Loans in Accordance with the Guide, Which May Limit the Ability of the Master Servicer and the Special Servicer To Make Certain Servicing Decisions. The master servicer and the special servicer will be required to service the underlying mortgage loans in accordance with (i) any and all applicable laws, (ii) the express terms of the series 2014-KS02 pooling and servicing agreement, (iii) the express terms of the respective underlying mortgage loans and any applicable intercreditor, co-lender or similar agreements and (iv) to the extent consistent with the foregoing, the Servicing Standard, as further described in "The Series 2014-KS02 Pooling and Servicing Agreement—Servicing Under the Series 2014-KS02 Pooling and Servicing Agreement." In the case of underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans, the Servicing Standard requires the master servicer or the special servicer, as applicable, to follow the Freddie Mac Multifamily Seller/Servicer Guide (or any successor to it), to the extent the Guide currently or at any future time provides guidance with respect to a servicing matter not addressed in the series 2014-KS02 pooling and servicing agreement, the underlying loan documents or any applicable intercreditor, co-lender or similar agreements. The Guide comprises Freddie Mac's servicing guidelines for its multifamily commercial mortgage loans and Freddie Mac may modify the Guide at any time. We cannot assure you that the requirement to follow the Guide in certain circumstances will not limit the master servicer's or special servicer's ability to make certain servicing decisions.

Some of the Mortgaged Real Properties Are Legal Nonconforming Uses or Legal Nonconforming Structures. Many of the underlying mortgage loans may be secured by a mortgage lien on a real property that is a legal nonconforming use or a legal nonconforming structure. This may impair the ability of the related borrower to restore the improvements on a mortgaged real property to its current form or use following a major casualty. See "Description of the Underlying Mortgage Loans—Underwriting Matters—Zoning and Building Code Compliance" in this information circular.

Changes in Zoning Laws May Affect Ability To Repair or Restore a Mortgaged Real Property. Due to changes in applicable building and zoning ordinances and codes that may affect some of the mortgaged real properties that are to secure the underlying mortgage loans, which changes may have occurred after the construction of the improvements on these properties, these mortgaged real properties may not comply fully with current zoning laws because of:

- density;
- use;
- parking;
- set-back requirements; or
- other building related conditions.

These ordinance and/or code changes will not materially interfere with the current use of the mortgaged real property. However, these changes may limit the ability of the related borrower to rebuild the premises "as is" in the event of a substantial casualty loss which may adversely affect the ability of the borrower to meet its mortgage loan obligations from cash flow. With some exceptions, the underlying mortgage loans secured by mortgaged real properties which no longer conform to current zoning ordinances and codes will require, or contain provisions under which the lender in its reasonable discretion may require, the borrower to maintain "law and ordinance" coverage

which, subject to the terms and conditions of such coverage, will insure the increased cost of construction to comply with current zoning ordinances and codes. Insurance proceeds may not be sufficient to pay off the related underlying mortgage loan in full. In addition, if the mortgaged real property were to be repaired or restored in conformity with then current law, its value could be less than the remaining balance on the underlying mortgage loan and it may produce less revenue than before repair or restoration.

Lending on Income-Producing Properties Entails Risks Related to Property Condition. With respect to all of the mortgaged real properties securing the mortgage loans that we intend to include in the issuing entity, in connection with the origination of such underlying mortgage loans between January 29, 2013 and February 5, 2014 a third-party engineering firm inspected the property to assess exterior walls, roofing, interior construction, mechanical and electrical systems and general condition of the site, buildings and other improvements located at each of the mortgaged real properties.

With respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “Pine Ridge Of Garfield,” “Pine Ridge Of Plumbrook,” “Villas Of Shelby” and “Pine Ridge Of Hayes,” collectively representing 10.4% of the initial mortgage pool balance, the borrower intends to undertake renovations in an amount not greater than \$300,000 for each related mortgaged real property. The borrower is not permitted to allow occupancy to be less than 90.0% as a result of tenant relocation related to the renovations.

We cannot assure you that the foregoing circumstances will not adversely impact operations at or the value of the related mortgaged real properties. In addition, we cannot assure you that all conditions at the mortgaged real properties requiring repair or replacement have been identified in these inspections, or that all building code and other legal compliance issues have been identified through inspection or otherwise, or, if identified, have been adequately addressed by escrows or otherwise.

World Events and Natural Disasters Could Have an Adverse Impact on the Real Properties Securing the Mortgage Loans Underlying the Offered Certificates and Consequently Could Reduce the Cash Flow Available To Make Payments on the Offered Certificates. The world-wide economic crisis has had a material impact on general economic conditions, consumer confidence and market liquidity. The economic impact of the United States’ military operations in various parts of the world, as well as the possibility of any terrorist attacks domestically or abroad, is uncertain, but could have a material adverse effect on general economic conditions, consumer confidence, and market liquidity. We can give no assurance as to the effect of these events on consumer confidence and the performance of the underlying mortgage loans. Any adverse impact resulting from these events would be borne by the holders of one or more classes of the certificates.

In addition, natural disasters, including earthquakes, floods and hurricanes, also may adversely affect the real properties securing the underlying mortgage loans that back the offered certificates. For example, real properties located in California may be more susceptible to certain hazards (such as earthquakes or widespread fires) than properties in other parts of the country and mortgaged real properties located in coastal states generally may be more susceptible to hurricanes than properties in other parts of the country. Hurricanes and related windstorms, floods, tornadoes and oil spills have caused extensive and catastrophic physical damage in and to coastal and inland areas located in the eastern, mid-Atlantic and Gulf Coast regions of the United States and certain other parts of the eastern and southeastern United States. The underlying mortgage loans do not all require the maintenance of flood insurance for the related mortgaged real properties. We cannot assure you that any damage caused by hurricanes, windstorms, floods, tornadoes or oil spills would be covered by insurance.

Special Hazard Losses May Cause You To Suffer Losses on the Offered Certificates. In general, the standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements of a property by fire, lightning, explosion, smoke, windstorm and hail, and riot, strike and civil commotion, subject to the conditions and exclusions specified in the related policy. Most insurance policies typically do not cover any physical damage resulting from, among other things—

- war;
- riot, strike and civil commotion;
- nuclear, biological or chemical materials;

- revolution;
- governmental actions;
- floods and other water-related causes;
- earth movement, including earthquakes, landslides and mudflows;
- wet or dry rot;
- vermin; and
- domestic animals.

Unless the related loan documents specifically require (and such provisions were not waived) the borrower to insure against physical damage arising from these causes, then the resulting losses may be borne by you as a holder of offered certificates.

There is also a possibility of casualty losses on a real property for which insurance proceeds, together with land value, may not be adequate to pay the underlying mortgage loan in full or rebuild the improvements. Consequently, we cannot assure you that each casualty loss incurred with respect to a real property securing one of the underlying mortgage loans included in our issuing entity will be fully covered by insurance or that the underlying mortgage loan will be fully repaid in the event of a casualty.

Furthermore, various forms of insurance maintained with respect to any of the real properties for the underlying mortgage loans, including casualty insurance, may be provided under a blanket insurance policy. That blanket insurance policy will also cover other real properties, some of which may not secure underlying mortgage loans. As a result of total limits under any of those blanket policies, losses at other properties covered by the blanket insurance policy may reduce the amount of insurance coverage with respect to a property securing one of the underlying mortgage loans.

Earthquake insurance was not required with respect to any of the mortgaged real properties located in seismic zones 3 or 4 for which a probable maximum loss assessment was performed because the probable maximum loss for each of those mortgaged real properties is less than 20% of the amount of the replacement cost of the improvements.

The Absence or Inadequacy of Terrorism Insurance Coverage on the Mortgaged Real Properties May Adversely Affect Payments on the Certificates. Following the September 11, 2001 terrorist attacks in New York City, the Washington, D.C. area and Pennsylvania, many reinsurance companies (which assume some of the risk of policies sold by primary insurers) eliminated coverage for acts of terrorism from their reinsurance policies. Without that reinsurance coverage, primary insurance companies would have to assume that risk themselves, which may cause them to eliminate such coverage in their policies, increase the amount of the deductible for acts of terrorism or charge higher premiums for such coverage. In order to offset this risk, Congress passed the Terrorism Risk Insurance Act of 2002, which established the Terrorism Insurance Program. On December 26, 2007, the Terrorism Insurance Program was extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 through December 31, 2014 (“TRIREA”).

The Terrorism Insurance Program is administered by the Secretary of the Treasury and through December 31, 2014 will provide some financial assistance from the United States Government to insurers in the event of another terrorist attack that results in an insurance claim. The program applies to United States risks only and to acts that are committed by an individual or individuals as an effort to influence or coerce United States civilians or the United States Government.

In addition, no compensation will be paid under the Terrorism Insurance Program unless the aggregate industry losses relating to such act of terror exceed \$100 million. As a result, unless the borrowers obtain separate coverage for events that do not meet these thresholds (which coverage may not be required by the loan documents and may not otherwise be obtainable), such events would not be covered.

The U.S. Department of the Treasury (“Treasury”) has established procedures for the Terrorism Insurance Program under which the federal share of compensation will be equal to 85% of the portion of insured losses that exceeds an applicable insurer deductible required to be paid during each program year (which insurer deductible was fixed by TRIREA at 20% of an insurer’s direct earned premium for any program year). The federal share in the aggregate in any program year may not exceed \$100 billion (and the insurers will be liable for any amount that exceeds this cap). An insurer that has paid its deductible is not liable for the payment of any portion of total annual United States wide losses that exceed \$100 billion, regardless of the terms of the individual insurance contracts.

Through December 2014, insurance carriers are required under the program to provide terrorism coverage in their basic policies providing “special” form coverage. Any commercial property and casualty terrorism insurance exclusion that was in force on November 26, 2002 is automatically voided to the extent that it excludes losses that would otherwise be insured losses. Any state approval of such types of exclusions in force on November 26, 2002 is also voided.

Because the Terrorism Insurance Program is a temporary program, there is no assurance that it will create any long-term changes in the availability and cost of such insurance. Moreover, we cannot assure you that subsequent terrorism insurance legislation will be passed upon TRIREA’s expiration.

If TRIREA is not extended or renewed upon its expiration in 2014, premiums for terrorism insurance coverage will likely increase and/or the terms of such insurance may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available (perhaps to the point where it is effectively not available). In addition, to the extent that any policies contain “sunset clauses” (*i.e.*, clauses that void terrorism coverage if the federal insurance backstop program is not renewed), then such policies may cease to provide terrorism insurance upon the expiration of TRIREA. We cannot assure you that such temporary program will create any long term changes in the availability and cost of such insurance.

The originators required borrowers to obtain terrorism insurance with respect to all of the underlying mortgage loans, the cost of which, in some cases, may be subject to a maximum amount as set forth in the related loan documents. The master servicer will not be obligated to require any borrower to obtain or maintain terrorism insurance in excess of the amounts of coverage and deductibles required by the loan documents. The master servicer will not be required to call a default under an underlying mortgage loan if the related borrower fails to maintain insurance with respect to acts of terrorism, and the master servicer need not maintain (or require the borrower to obtain) such insurance, if the special servicer has determined after due inquiry in accordance with the Servicing Standard and with the consent of the series 2014-KS02 directing certificateholder, which consent is subject to certain limitations and a specified time period as set forth in the series 2014-KS02 pooling and servicing agreement (*provided* that the special servicer will not follow any such direction, or refrain from acting based upon the lack of any such direction, of the series 2014-KS02 directing certificateholder, if following any such direction of the series 2014-KS02 directing certificateholder or refraining from taking such action based upon the lack of any such direction of the series 2014-KS02 directing certificateholder would violate the Servicing Standard), that either—

- such insurance is not available at commercially reasonable rates and that such hazards are not at the time commonly insured against for properties similar to the subject mortgaged real property and located in or around the region in which the subject mortgaged real property is located; or
- such insurance is not available at any rate.

If the related loan documents do not expressly require insurance against acts of terrorism, but permit the mortgagee to require such other insurance as is reasonable, the related borrower may challenge whether maintaining insurance against acts of terrorism is reasonable in light of all the circumstances, including the cost. The master servicer’s efforts to require such insurance may be further impeded if the originating lender did not require the subject borrower to maintain such insurance, regardless of the terms of the loan documents.

If any mortgaged real property securing an underlying mortgage loan sustains damage as a result of an uninsured terrorist or similar act, a default on such underlying mortgage loan may result, and such damaged mortgaged real property may not provide adequate collateral to satisfy all amounts owing under such underlying mortgage loan, which could result in losses on some classes of the series 2014-KS02 certificates, subject to the Freddie Mac Guarantee.

If a borrower is required, under the circumstances described above, to maintain insurance coverage with respect to terrorist or similar acts, the borrower may incur higher costs for insurance premiums in obtaining that coverage which would have an adverse effect on the net cash flow of the related mortgaged real property.

The Absence or Inadequacy of Earthquake, Flood and Other Insurance May Adversely Affect Payments on the Certificates. The mortgaged real properties may suffer casualty losses due to risks that are not covered by insurance or for which insurance coverage is inadequate. In addition, certain of the mortgaged real properties are located in regions that have historically been at greater risk regarding acts of nature (such as hurricanes, floods and earthquakes) than other regions, as applicable. There is no assurance borrowers will be able to maintain adequate insurance. Moreover, if reconstruction or any major repairs are required, changes in laws may materially affect the borrower's ability to effect such reconstruction or major repairs or may materially increase the costs of reconstruction and repair. As a result of any of these factors, the amount available to make distributions on the offered certificates could be reduced.

Compliance with Americans with Disabilities Act May Result in Additional Costs to Borrowers. Under the Americans with Disabilities Act of 1990, all existing facilities considered to be "public accommodations" are required to meet certain federal requirements related to access and use by disabled persons such that the related borrower is required to take steps to remove architectural and communication barriers that are deemed "readily achievable" under the Americans with Disabilities Act of 1990. Factors to be considered in determining whether or not an action is "readily achievable" include the nature and cost of the action, the number of persons employed at the related mortgaged real property and the financial resources of the borrower. To the extent a mortgaged real property securing an underlying mortgage loan does not comply with the Americans with Disabilities Act of 1990, the borrower may be required to incur costs to comply with this law. We cannot assure you that the borrower will have the resources to comply with the requirements imposed by the Americans with Disabilities Act of 1990, which could result in the imposition of fines by the federal government or an award of damages to private litigants.

Limited Information Causes Uncertainty. Certain of the underlying mortgage loans are loans that were made to enable the related borrower to acquire the related real property. Accordingly, for certain of these mortgage loans limited or no historical operating information is available with respect to the related real property. As a result, you may find it difficult to analyze the historical performance of those properties.

Litigation May Adversely Affect Property Performance. There may be pending or, from time to time, threatened legal proceedings against the borrowers under the underlying mortgage loans, the managers of the related mortgaged real properties and their respective affiliates, arising out of the ordinary business of those borrowers, managers and affiliates. We cannot assure you that litigation will not have a material adverse effect on your investment. See "—Borrower Bankruptcy Proceedings Can Delay and Impair Recovery on an Underlying Mortgage Loan" and "—Sponsor Defaults on Other Mortgage Loans May Adversely Impact and Impair Recovery on an Underlying Mortgage Loan" above.

For example, with respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as "The Meadows Of Glen Ellyn," "The Hallmark At Battery Park," "The Hallmark Of Creve Coeur" and "Trillium Place," collectively representing 44.1% of the initial mortgage pool balance, the sponsor reported litigation arising out of a worker's compensation claim, which claim has since been settled.

In addition, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as "Horizon Bay At Hyde Park," representing 9.1% of the initial mortgage pool balance, the sponsor disclosed ongoing litigation relating to the death of a resident at a sponsor-owned hospital. The medical malpractice claim is in excess of \$200,000,000 and is against the hospital, a sponsor-owned corporation, the sponsor and various doctors at the hospital.

In addition, with respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as "Emeritus At Brea" and "Emeritus At Whittier," collectively representing 3.7% of the initial mortgage pool balance, the sponsor disclosed that the sponsor is a defendant in a wrongful death and elder abuse lawsuit. A judgment of \$22,963,944 in punitive damages was entered against the sponsor in April 2013, and the sponsor is pursuing an appeal. The sponsor has posted a \$41,700,000 surety bond secured by \$20,900,000 in cash held by the sponsor to offset the risk of a possible payout. In addition, the sponsor

disclosed that it is subject to certain ordinary course of business claims in the amount of \$53,700,000, which the sponsor reported is covered by a combination of self-insurance reserves and commercial insurance policies.

We cannot assure you that the foregoing circumstances will not adversely impact the operations at or the value of any mortgaged real property.

Special Servicer May Be Directed To Take Actions. In connection with the servicing of Specially Serviced Mortgage Loans, the special servicer may, at the direction of the series 2014-KS02 directing certificateholder, take actions with respect to the Specially Serviced Mortgage Loans that could adversely affect the holders of some or all of the classes of certificates. The series 2014-KS02 directing certificateholder may have interests in conflict with those of certain series 2014-KS02 certificateholders. As a result, it is possible that the series 2014-KS02 directing certificateholder may direct the special servicer to take actions that conflict with the interests of certain classes of certificates. However, the special servicer is not permitted to take actions that are prohibited by law or violate the Servicing Standard or the terms of the loan documents.

The Mortgage Loan Seller May Not Be Able To Make a Required Cure, Repurchase or Substitution of a Defective Mortgage Loan. The mortgage loan seller is the sole warranting party in respect of the underlying mortgage loans sold by it to us. Neither we nor any of our affiliates are obligated to cure, repurchase or substitute any underlying mortgage loan in connection with a material breach of the mortgage loan seller's representations and warranties or any material document defects, if the mortgage loan seller defaults on its obligations to do so. We cannot assure you that the mortgage loan seller will effect any such cure, repurchase or substitution. In addition, the mortgage loan seller may have various legal defenses available to it in connection with a cure, repurchase or substitution obligation. Any underlying mortgage loan that is not cured, repurchased or substituted and that is not a "qualified mortgage" for a REMIC may cause designated portions of the issuing entity to fail to qualify as one or more REMICs or cause the issuing entity to incur a tax. See "—Risks Relating to the Mortgage Loan Seller and Guarantor" below and "Description of the Mortgage Loan Seller and Guarantor" and "Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions" in this information circular.

The Mortgage Loan Seller May Become Subject to Receivership Laws That May Affect the Issuing Entity's Ownership of the Underlying Mortgage Loans. In the event of the receivership of the mortgage loan seller, it is possible the issuing entity's right to payment from ownership of the underlying mortgage loans could be challenged, and if such challenge were successful, delays or reductions in payments on the certificates could occur. See "—Risks Relating to the Mortgage Loan Seller and Guarantor" below and "Description of the Mortgage Loan Seller and Guarantor" in this information circular.

One Action Rules May Limit Remedies. Several states, including California, have laws that prohibit more than one "judicial action" to enforce a mortgage obligation, and some courts have construed the term "judicial action" broadly. Accordingly, the special servicer is required to obtain advice of counsel prior to enforcing any of the issuing entity's legal rights under any of the underlying mortgage loans that are secured by mortgaged real properties located where the rule could be applicable. In the case of an underlying mortgage loan that is secured by mortgaged real properties located in multiple states, the special servicer may be required to foreclose first on properties located in states where the "one action" rules apply, and where non-judicial foreclosure is permitted, before foreclosing on properties located in states where judicial foreclosure is the only permitted method of foreclosure.

Tax Considerations Related to Foreclosure. Under the series 2014-KS02 pooling and servicing agreement, the special servicer, on behalf of the issuing entity, among others, may acquire one or more mortgaged real properties pursuant to a foreclosure or deed-in-lieu of foreclosure. The special servicer will be permitted to perform or complete construction work on a foreclosed property only if such construction was more than 10% complete when default on the related underlying mortgage loan became imminent. In addition, any net income from the operation and management of any such property that is not qualifying "rents from real property," within the meaning of Code Section 856(d), and any rental income based on the net profits of a tenant or sub-tenant or allocable to a service that is non-customary in the area and for the type of property involved, will subject the issuing entity to U.S. federal (and possibly state or local) tax on such income at the highest marginal corporate tax rate (currently 35%), thereby reducing net proceeds available for distribution to the series 2014-KS02 certificateholders.

In addition, if the special servicer, on behalf of the issuing entity, among others, were to acquire one or more mortgaged real properties pursuant to a foreclosure or deed-in-lieu of foreclosure, upon acquisition of those mortgaged real properties, it may be required in certain jurisdictions, particularly in California and New York, to pay state or local transfer or excise taxes upon liquidation of such properties. Such state or local taxes may reduce net proceeds available for distribution to the series 2014-KS02 certificateholders.

Changes to REMIC Restrictions on Loan Modifications May Impact an Investment in the Certificates. On September 15, 2009, the IRS issued Revenue Procedure 2009-45 easing the tax requirements for a servicer to modify a commercial or multifamily mortgage loan held in a REMIC by interpreting the circumstances when default is “reasonably foreseeable” to include those where the servicer reasonably believes that there is a “significant risk of default” with respect to the underlying mortgage loan upon maturity of the loan or at an earlier date, and that by making such modification the risk of default is substantially reduced. Accordingly, if the master servicer or the special servicer determined that an underlying mortgage loan was at significant risk of default and permitted one or more modifications otherwise consistent with the terms of series 2014-KS02 pooling and servicing agreement, any such modification may impact the timing and ultimate recovery on the underlying mortgage loan, and likewise on one or more classes of certificates.

In addition, the IRS has issued final regulations under the REMIC Provisions that modify the tax restrictions imposed on a servicer's ability to modify the terms of the underlying mortgage loans held by a REMIC relating to changes in the collateral, credit enhancement and recourse features. The IRS has also issued Revenue Procedure 2010-30, describing circumstances in which it will not challenge the treatment of mortgage loans as “qualified mortgages” on the grounds that the underlying mortgage loan is not “principally secured by real property”, that is, has a real property loan-to-value ratio greater than 125% following a release of liens on some or all of the real property securing such underlying mortgage loan. The general rule is that a mortgage loan must continue to be “principally secured by real property” following any such lien release, unless the lien release is pursuant to a defeasance permitted under the original loan documents and occurs more than two years after the startup day of the REMIC, all in accordance with the REMIC Provisions. Revenue Procedure 2010-30 also allows lien releases in certain “grandfathered transactions” and transactions in which the release is part of a “qualified pay-down transaction” even if the underlying mortgage loan after the transaction might not otherwise be treated as principally secured by a lien on real property. If the value of the real property securing an underlying mortgage loan were to decline, the need to comply with the rules of Revenue Procedure 2010-30 could restrict the servicers’ actions in negotiating the terms of a workout or in allowing minor lien releases in circumstances in which, after giving effect to the release, the underlying mortgage loan would not have a real property loan-to-value ratio of 125% or less. This could impact the timing and ultimate recovery on an underlying mortgage loan, and likewise on one or more classes of certificates.

You should consider the possible impact on your investment of any existing REMIC restrictions as well as any potential changes to the REMIC rules.

Risks Related to the Offered Certificates

The Issuing Entity’s Assets May Be Insufficient To Allow for Repayment in Full on the Offered Certificates. The offered certificates do not represent obligations of any person or entity and do not represent a claim against any assets other than those of the issuing entity. Other than as described under “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular, no governmental agency or instrumentality will guarantee or insure payment on the offered certificates. In addition, neither we nor our affiliates are responsible for making payments on the offered certificates if collections on the underlying mortgage loans are insufficient. If the underlying mortgage loans are insufficient to make payments on the offered certificates, other than as described under “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular, no other assets will be available to you for payment of the deficiency, and you will bear the resulting loss. Any advances made by the master servicer or other party with respect to the underlying mortgage loans are intended solely to provide liquidity and not credit support. The party making those advances will have a right to reimbursement, with interest, which is senior to your right to receive payment on the offered certificates.

Credit Support Is Limited and May Not Be Sufficient To Prevent Loss on Your Offered Certificates. Any use of credit support will be subject to the conditions and limitations described in this information circular and may not cover all potential losses or risks.

Although subordination is intended to reduce the risk to holders of senior certificates of delinquent distributions or ultimate losses, the amount of subordination will be limited and may decline under certain circumstances described in this information circular. In addition, if principal payments on one or more classes of certificates are made in a specified order or priority, any limits with respect to the aggregate amount of claims under any related credit support may be exhausted before the principal of the later paid classes of certificates has been repaid in full. As a result, the impact of losses and shortfalls experienced with respect to the underlying mortgage loans may fall primarily upon those subordinate classes of certificates.

The Freddie Mac Guarantee is intended to provide credit enhancement to the offered certificates as described in this information circular by increasing the likelihood that holders of the offered certificates will receive (i) timely payments of interest, (ii) payment of principal to holders of the Offered Principal Balance Certificates, on or before the distribution date immediately following the maturity date of each underlying mortgage loan, (iii) reimbursement of Realized Losses and any Additional Issuing Entity Expenses allocated to the Offered Principal Balance Certificates and (iv) ultimate payment of principal by the Assumed Final Distribution Date to the holders of the Offered Principal Balance Certificates. If, however, Freddie Mac were to experience significant financial difficulties, or if the Conservator placed Freddie Mac in receivership and Freddie Mac's guarantee was repudiated as described in “—Risks Relating to the Mortgage Loan Seller and Guarantor” below, the credit enhancement provided by the Freddie Mac Guarantee may be insufficient and the holders of offered certificates may suffer losses as a result of the various contingencies described in this “Risk Factors” section and elsewhere in this information circular. See “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular for a detailed description of the Freddie Mac Guarantee. The offered certificates are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

When making an investment decision, you should consider, among other things—

- the distribution priorities of the respective classes of the series 2014-KS02 certificates;
- the order in which the outstanding principal balances of the respective classes of the series 2014-KS02 certificates with outstanding principal balances will be reduced in connection with losses and default-related shortfalls (although such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee); and
- the characteristics and quality of the underlying mortgage loans.

The Offered Certificates Have Uncertain Yields to Maturity. The yield on the offered certificates will depend on, among other things—

- the price you pay for the offered certificates; and
- the rate, timing and amount of distributions on the offered certificates.

The rate, timing and amount of distributions on the offered certificates will depend on, among other things—

- the pass-through rate for, and the other payment terms of, the offered certificates;
- the rate and timing of payments and other collections of principal on the underlying mortgage loans;
- the occurrence and continuation of a Waterfall Trigger Event;
- the rate and timing of defaults, and the severity of losses, if any, on the underlying mortgage loans;

- the rate, timing, severity and allocation of other shortfalls and expenses that reduce amounts available for distribution on the series 2014-KS02 certificates (although such shortfalls with respect to the offered certificates may be covered under the Freddie Mac Guarantee, as further described in this information circular);
- the collection and payment, or waiver, of Static Prepayment Premiums and/or other prepayment premiums with respect to the underlying mortgage loans; and
- servicing decisions with respect to the underlying mortgage loans.

These factors cannot be predicted with any certainty. Accordingly, you may find it difficult to analyze the effect that these factors might have on the yield to maturity of the offered certificates.

If you purchase the Offered Principal Balance Certificates at a premium, and if payments and other collections of principal on the underlying mortgage loans occur at a rate faster than you anticipated at the time of your purchase, then your actual yield to maturity may be lower than you had assumed at the time of your purchase. Conversely, if you purchase the Offered Principal Balance Certificates at a discount, and if payments and other collections of principal on the underlying mortgage loans occur at a rate slower than you anticipated at the time of your purchase, then your actual yield to maturity may be lower than you had assumed at the time of your purchase.

The yield to maturity on the Offered Principal Balance Certificates will be highly sensitive to changes in the levels of LIBOR such that decreasing levels of LIBOR will have a negative effect on the yield to maturity of the holders of such certificates. In addition, prevailing market conditions may increase the interest rate margins above LIBOR at which comparable securities are being offered, which would cause the Offered Principal Balance Certificates to decline in value. Investors in the Offered Principal Balance Certificates should consider the risk that lower than anticipated levels of LIBOR could result in lower yields to investors than the anticipated yields and the risk that higher market interest rate margins above LIBOR could result in a lower value of the Offered Principal Balance Certificates. See “—Ongoing Investigations Concerning LIBOR Could Adversely Affect Your Investment in the Certificates” above.

The yield on the Offered Principal Balance Certificates could also be adversely affected if underlying mortgage loans with higher interest rates pay faster than underlying mortgage loans with lower interest rates. Since the Offered Principal Balance Certificates bear interest at a rate limited by the Weighted Average Net Mortgage Pass-Through Rate minus the Guarantee Fee Rate, the pass-through rate on the Offered Principal Balance Certificates may be limited by that pass-through rate cap, even if principal prepayments do not occur. See “Description of the Series 2014-KS02 Certificates—Interest Distribution Amounts” in this information circular.

The pass-through rate for the class X certificates is calculated based upon the Weighted Average Net Mortgage Pass-Through Rate. As a result, the pass-through rate (and, accordingly, the yield to maturity) on the class X certificates could be adversely affected if underlying mortgage loans with higher mortgage interest rates experience a faster rate of principal payment than underlying mortgage loans with lower mortgage interest rates. This means that the yield to maturity on the class X certificates will be sensitive to changes in the relative composition of the mortgage pool as a result of scheduled amortization, voluntary and involuntary prepayments and liquidations of the underlying mortgage loans following default. The Weighted Average Net Mortgage Pass-Through Rate will not be affected by modifications, waivers or amendments with respect to the underlying mortgage loans, except for any modifications, waivers or amendments that increase the mortgage interest rate.

The yield to maturity on the class X certificates will also be adversely affected to the extent distributions of interest otherwise payable to the class X certificates are required to be distributed on the class B or C certificates as Additional Interest Distribution Amounts, as described under “Description of the Series 2014-KS02 Certificates—Distributions—Interest Distributions” in this information circular.

If you purchase the class X certificates, your yield to maturity will be particularly sensitive to the rate and timing of principal payments on the underlying mortgage loans and the extent to which those amounts are applied to reduce the notional amount of those certificates. Each distribution of principal in reduction of the principal balance of any of the principal balance certificates will result in a reduction in the notional amount of the class X certificates. Your yield to maturity may also be adversely affected by—

- the repurchase of any underlying mortgage loans by the mortgage loan seller in connection with a material breach of a representation and warranty or a material document defect, as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this information circular;
- the purchase of the defaulted mortgage loan by the holder of any subordinate debt or mezzanine debt pursuant to its purchase option under the related intercreditor agreement;
- the timing of defaults and liquidations of underlying mortgage loans; and
- the termination of the issuing entity, as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular.

Prior to investing in the class X certificates, you should fully consider the associated risks, including the risk that an extremely rapid rate of amortization, prepayment or other liquidation of the mortgage loans could result in your failure to recover fully your initial investment. See “Yield and Maturity Considerations—Yield Sensitivity of the Class X Certificates” in this information circular.

In addition, the amounts payable to the class X certificates will vary with changes in the total outstanding principal balances of the series 2014-KS02 principal balance certificates.

Generally, a borrower is less likely to prepay if prevailing interest rates are at or above the interest rate borne by its mortgage loan. On the other hand, a borrower is more likely to prepay if prevailing rates fall significantly below the interest rate borne by its mortgage loan. Borrowers are less likely to prepay mortgage loans with lockout periods or Static Prepayment Premium provisions, to the extent enforceable, than otherwise identical mortgage loans without these provisions or with shorter lockout periods or with lower or no Static Prepayment Premiums. But see “—The Underlying Mortgage Loans May Experience a Higher Than Expected Rate of Prepayment Due to the Right of a Majority of Holders of Class X Certificates To Cause the Waiver of Static Prepayment Premiums and Due to Limited Prepayment Protection” below. None of the master servicer, the special servicer or any sub-servicers will be required to advance and the Freddie Mac Guarantee does not cover any Static Prepayment Premiums or other prepayment premiums.

Delinquencies on the underlying mortgage loans, if the delinquent amounts are not advanced, may result in shortfalls in distributions of interest and/or principal to the holders of the offered certificates for the current month (although such shortfalls with respect to the offered certificates may be covered under the Freddie Mac Guarantee). Furthermore, no interest will accrue on this shortfall during the period of time that the payment is delinquent. Even if losses on the underlying mortgage loans are not allocated to the Offered Principal Balance Certificates, the losses may affect the weighted average life and yield to maturity of the Offered Principal Balance Certificates. Losses on the underlying mortgage loans, even if not allocated to the Offered Principal Balance Certificates, may result in a higher percentage ownership interest evidenced by the Offered Principal Balance Certificates in the remaining underlying mortgage loans than would otherwise have resulted absent the loss. The consequent effect on the weighted average life and yield to maturity of the offered certificates will depend upon the characteristics of the remaining underlying mortgage loans. If defaults are material and non-monetary, the special servicer may still accelerate the maturity of the underlying mortgage loan which could result in an acceleration of payments to the series 2014-KS02 certificateholders.

Shortfalls in the Available Distribution Amount resulting from Net Aggregate Prepayment Interest Shortfalls will generally be allocated to all classes of interest-bearing series 2014-KS02 certificates, on a *pro rata* basis, based on interest accrued (exclusive of any Additional Interest Accrual Amounts). However, such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee. See “Description of the Series 2014-KS02 Certificates—Distributions—Interest Distributions” in this information circular.

Provisions requiring prepayment premiums or charges may not be enforceable in some states and under federal bankruptcy law, and may constitute interest for usury purposes. Accordingly, we cannot assure you that the obligation to pay a Static Prepayment Premium will be enforceable or, if enforceable, that foreclosure proceeds will be sufficient to pay the Static Prepayment Premium in connection with an involuntary prepayment. In general, Static Prepayment Premiums will be among the last items payable out of foreclosure proceeds.

See “Yield and Maturity Considerations” in this information circular.

The Underlying Mortgage Loans May Experience a Higher Than Expected Rate of Prepayment Due to the Right of a Majority of Holders of Class X Certificates To Cause the Waiver of Static Prepayment Premiums and Due to Limited Prepayment Protection. Pursuant to the series 2014-KS02 pooling and servicing agreement, certificateholders representing a majority interest in the class X certificates will have the right, in their sole discretion, to direct the master servicer or the special servicer, as applicable, to waive any obligation of the related borrower to pay a Static Prepayment Premium in connection with any prepayment of any underlying mortgage loan. Freddie Mac, as the initial certificateholder of all of the class X certificates, has indicated that the likelihood of its waiver of a Static Prepayment Premium would increase in certain circumstances, such as if the prepayment is made in connection with a refinancing of an underlying mortgage loan that meets certain conditions. In addition, with respect to all of the underlying mortgage loans, each related borrower may prepay the entire related underlying mortgage loan without payment of a Static Prepayment Premium if such underlying mortgage loan is prepaid using the proceeds of a fixed-rate mortgage loan that is the subject of a binding purchase commitment between Freddie Mac and a Freddie Mac-approved “Program Plus” seller/servicer and (i) with respect to twelve (12) underlying mortgage loans, collectively representing 72.1% of the initial mortgage pool balance, such prepayment occurs on or after the twelfth (12th) payment installment date, (ii) with respect to three (3) underlying mortgage loans, collectively representing 17.1% of the initial mortgage pool balance, such prepayment occurs on or after the thirty-sixth (36th) payment installment date or (iii) with respect to two (2) underlying mortgage loans, collectively representing 10.8% of the initial mortgage pool balance, such prepayment occurs on or after the sixtieth (60th) payment installment date, as applicable, in each case following origination of the related underlying mortgage loan. Borrowers would have an incentive to prepay the underlying mortgage loans if they are not required to pay a Static Prepayment Premium in connection with such a prepayment. As a result, the underlying mortgage loans may experience a higher than expected rate of prepayment, which may adversely affect the yields to maturity of the offered certificates. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Prepayment Provisions” in this information circular.

Optional Early Termination of the Issuing Entity May Result in an Adverse Impact on Yield or May Result in a Loss. The series 2014-KS02 certificates will be subject to optional early termination by means of the purchase of the underlying mortgage loans and/or REO Properties in the issuing entity at the time and for the price described in “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular. We cannot assure you that the proceeds from a sale of the underlying mortgage loans and/or REO Properties will be sufficient to distribute the outstanding certificate balance plus accrued interest and any undistributed shortfalls in interest accrued on the series 2014-KS02 certificates that are subject to the termination. Accordingly, the holders of series 2014-KS02 certificates affected by such a termination may suffer an adverse impact on the overall yield on their series 2014-KS02 certificates, may experience repayment of their investment at an unpredictable and inopportune times or may even incur a loss on their investment, subject to the Freddie Mac Guarantee in the case of the offered certificates. See “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular.

Commencing Legal Proceedings Against Parties to the Series 2014-KS02 Pooling and Servicing Agreement May Be Difficult. The trustee may not be required to commence legal proceedings against third parties at the direction of any series 2014-KS02 certificateholders unless, among other conditions, at least 25% of the voting rights (determined without notionally reducing the outstanding principal balances of the series 2014-KS02 certificates by any Appraisal Reduction Amounts) associated with the series 2014-KS02 certificates join in the demand and offer indemnification satisfactory to the trustee. Those series 2014-KS02 certificateholders may not commence legal proceedings themselves unless the trustee has refused to institute proceedings after the conditions described in the proceeding sentence have been satisfied. These provisions may limit your personal ability to enforce the provisions of the series 2014-KS02 pooling and servicing agreement.

The Limited Nature of Ongoing Information May Make It Difficult for You To Resell the Series 2014-KS02 Certificates. The primary source of ongoing information regarding the 2014-KS02 certificates, including information regarding the status of the related underlying mortgage loans, will be the periodic reports delivered by the certificate administrator described under the heading “Description of the Series 2014-KS02 Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular. We cannot assure you that any additional ongoing information regarding the series 2014-KS02 certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the series 2014-KS02 certificates will be generally available on an ongoing basis. The limited nature of the

information regarding the series 2014-KS02 certificates may adversely affect the liquidity of the offered certificates, even if a secondary market for the series 2014-KS02 certificates is available. There will have been no secondary market for the series 2014-KS02 certificates prior to this offering. We cannot assure you that a secondary market will develop or, if it does develop, that it will provide you with liquidity of investment or continue for the life of the offered certificates. The market value of the series 2014-KS02 certificates will fluctuate with changes in prevailing rates of interest or other credit related market changes. Consequently, the sale of the series 2014-KS02 certificates in any market that may develop may be at a discount from the related par value or purchase price.

The Right of the Master Servicer and the Trustee To Receive Interest on Advances May Result in Additional Losses to the Issuing Entity. The master servicer and the trustee will each be entitled to receive interest on unreimbursed advances made by it. This interest will generally accrue from the date on which the related advance is made through the date of reimbursement. In addition, under certain circumstances, including a default by the borrower in the payment of principal and interest on an underlying mortgage loan, that underlying mortgage loan will become specially serviced and the special servicer will be entitled to compensation for performing special servicing functions pursuant to the related governing document(s). The right to receive these distributions of interest and compensation is senior to the rights of holders to receive distributions on the offered certificates and, consequently, may result in losses being allocated to the offered certificates that would not have resulted absent the accrual of this interest.

Bankruptcy of the Master Servicer, the Special Servicer, the Trustee or the Certificate Administrator May Adversely Affect Collections on the Underlying Mortgage Loans and the Ability to Replace the Master Servicer, the Special Servicer, the Trustee or the Certificate Administrator. The master servicer, the special servicer, the trustee or the certificate administrator for the series 2014-KS02 certificates may be eligible to become a debtor under the United States Bankruptcy Code or enter into receivership under the Federal Deposit Insurance Act. If the master servicer, the special servicer, the trustee or the certificate administrator were to become a debtor under the United States Bankruptcy Code or enter into receivership under the Federal Deposit Insurance Act, although the issuing entity may be entitled to the termination of any such party, such provision may not be enforceable. An assumption under the Bankruptcy Code would require the master servicer, the special servicer, the trustee or the certificate administrator to cure its pre-bankruptcy defaults, if any, and demonstrate that it is able to perform following assumption. The impact of insolvency by an entity governed by state insolvency law would vary depending on the laws of the particular state. We cannot assure you that a bankruptcy or receivership of the master servicer, the special servicer, the trustee or the certificate administrator would not adversely impact the servicing or administration of the underlying mortgage loans or that the issuing entity would be entitled to terminate any such party in a timely manner or at all.

If the master servicer, the special servicer, the trustee or the certificate administrator becomes the subject of bankruptcy or similar proceedings, claims by the issuing entity to funds in the possession of the master servicer, the special servicer, the trustee or the certificate administrator at the time of the bankruptcy filing or other similar filing may not be perfected due to the circumstances of any bankruptcy or similar proceedings. In this event, funds available to pay principal and interest on the series 2014-KS02 certificates may be delayed or reduced.

Inability To Replace the Master Servicer Could Affect Collections and Recoveries on the Mortgage Loans. The structure of the servicing fee payable to the master servicer might affect the ability of the trustee to find a replacement master servicer. Although the trustee is required to replace the master servicer if the master servicer is terminated or resigns, if the trustee is unwilling (including for example because the servicing fee is insufficient) or unable (including for example, because the trustee does not have the computer systems required to service mortgage loans), it may be necessary to appoint a replacement master servicer. Because the master servicing fee is structured as a percentage of the Stated Principal Balance of each underlying mortgage loan, it may be difficult to replace the servicer at a time when the balance of the underlying mortgage loans has been significantly reduced because the fee may be insufficient to cover the costs associated with servicing the underlying mortgage loans and/or related REO Properties remaining in the mortgage pool. The performance of the underlying mortgage loans may be negatively impacted, beyond the expected transition period during a servicing transfer, if a replacement master servicer is not retained within a reasonable amount of time.

The Terms of the Underlying Mortgage Loans Will Affect Payments on the Offered Certificates. Each of the underlying mortgage loans will specify the terms on which the related borrower must repay the outstanding principal amount of the loan. The rate, timing and amount of scheduled payments of principal may vary, and may vary

significantly, from mortgage loan to mortgage loan. The rate at which the underlying mortgage loans amortize will directly affect the rate at which the principal balance or notional amount of the offered certificates is paid down or otherwise reduced.

In addition, any underlying mortgage loan may permit the related borrower during some of the loan term to prepay the loan. In general, a borrower will be more likely to prepay its mortgage loan when it has an economic incentive to do so, such as obtaining a larger loan on the same mortgaged real property or a lower or otherwise more advantageous interest rate through refinancing. If an underlying mortgage loan includes some form of prepayment restriction, the likelihood of prepayment should decline. These restrictions may include an absolute or partial prohibition against voluntary prepayments during some of the loan term, during which voluntary principal payments are prohibited or a requirement that voluntary prepayments made during a specified period of time be accompanied by a Static Prepayment Premium.

In many cases, however, there will be no restriction associated with the application of insurance proceeds or condemnation proceeds as a prepayment of principal.

The Terms of the Underlying Mortgage Loans Do Not Provide Absolute Certainty as Regards the Rate, Timing and Amount of Payments on the Offered Certificates. Notwithstanding the terms of the underlying mortgage loans, the amount, rate and timing of payments and other collections on those underlying mortgage loans will, to some degree, be unpredictable because of borrower defaults and because of casualties and condemnations with respect to the mortgaged real properties.

The investment performance of the offered certificates may vary materially and adversely from your expectations due to—

- the rate of prepayments and other unscheduled collections of principal on the underlying mortgage loans being faster or slower than you anticipated;
- the rate of defaults on the underlying mortgage loans being faster, or the severity of losses on the underlying mortgage loans being greater, than you anticipated;
- the actual net cash flow for the underlying mortgage loans being different than the underwritten net cash flow for the underlying mortgage loans as presented in this information circular; or
- the debt service coverage ratios for the underlying mortgage loans as set forth in the related loan documents being different than the debt service coverage ratios for the underlying mortgage loans as presented in this information circular.

The actual yield to you, as a holder of an offered certificate, may not equal the yield you anticipated at the time of your purchase, and the total return on investment that you expected may not be realized. In deciding whether to purchase any offered certificates, you should make an independent decision as to the appropriate prepayment, default and loss assumptions to be used.

Prepayments on the Underlying Mortgage Loans Will Affect the Average Life of the Offered Certificates; and the Rate and Timing of Those Prepayments May Be Highly Unpredictable. Payments of principal and/or interest on the offered certificates will depend upon, among other things, the rate and timing of payments on the underlying mortgage loans. Prepayments on the underlying mortgage loans may result in a faster rate of principal payments on the offered certificates, thereby resulting in a shorter average life for the offered certificates than if those prepayments had not occurred. The rate and timing of principal prepayments on pools of mortgage loans is influenced by a variety of economic, demographic, geographic, social, tax and legal factors. Although eleven (11) of the underlying mortgage loans, collectively representing 78.4% of the initial mortgage pool balance, provide for prepayment lockout periods which cover a substantial portion of the loan terms, a prepayment may still occur during such period as a result of a casualty or condemnation event. In addition, prepayments may occur in connection with a release of a mortgaged real property securing a cross-collateralized mortgage loan or in connection with a permitted partial release of a mortgaged real property. See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Release of Property Through Prepayment” in this information circular.

In addition, any repurchase of an underlying mortgage loan by the mortgage loan seller due to a defect or breach of a representation or warranty will have the same effect as a prepayment of such underlying mortgage loan. See “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this information circular.

Accordingly, we cannot predict the rate and timing of principal prepayments on the underlying mortgage loans. As a result, repayment of the offered certificates could occur significantly earlier or later, and the average life of the offered certificates could be significantly shorter or longer, than you expected.

The extent to which prepayments on the underlying mortgage loans ultimately affect the average life of the offered certificates depends on the terms and provisions of the offered certificates. A class of offered certificates may entitle the holders to a *pro rata* share of any prepayments on the underlying mortgage loans, to all or a disproportionately large share of those prepayments, or to none or a disproportionately small share of those prepayments. If you are entitled to a disproportionately large share of any prepayments on the underlying mortgage loans, the offered certificates may be retired at an earlier date. If, however, you are only entitled to a small share of the prepayments on the underlying mortgage loans, the average life of the offered certificates may be extended. Your entitlement to receive payments, including prepayments, of principal of the underlying mortgage loans may—

- vary based on the occurrence of specified events, such as the retirement of one or more other classes of certificates; or
- be subject to various contingencies, such as prepayment and default rates with respect to the underlying mortgage loans.

Potential Conflicts of Interest of the Mortgage Loan Seller, the Depositor and the Depositor’s Affiliates. The mortgage loan seller and certain of the depositor’s affiliates own, lease or manage a number of properties other than the mortgaged real properties and may acquire additional properties in the future. Such other properties, similar to other third-party owned real estate, may compete with the mortgaged real properties for existing and potential tenants. We cannot assure you that the activities of the mortgage loan seller or the depositor’s affiliates with respect to such other properties will not adversely impact the performance of the mortgaged real properties.

The mortgage loan seller, the depositor and the depositor’s affiliates (including one of the placement agents of the Series K-S02 SPCs) may benefit from this offering in a number of ways, some of which may be inconsistent with the interests of purchasers of the series 2014-KS02 certificates. The mortgage loan seller, the depositor and its affiliates may benefit from a completed offering of the series 2014-KS02 certificates because the offering would establish a market precedent and a valuation data point for securities similar to the series 2014-KS02 certificates, thus enhancing the ability of the mortgage loan seller, the depositor and its affiliates to conduct similar offerings in the future and permitting them to write up, avoid writing down or otherwise adjust the fair value of the underlying mortgage loans or other similar loans or securities held on their balance sheet.

Each of the foregoing relationships should be considered carefully by you before you invest in any of the series 2014-KS02 certificates.

Potential Conflicts of Interest of the Placement Agents and Their Affiliates. We expect that Freddie Mac will include the offered certificates in pass-through pools that it will form for its Series K-S02 SPCs, which we expect Freddie Mac will offer to investors through placement agents. The activities of those placement agents and their respective affiliates (collectively, the “Placement Agent Entities”) may result in certain conflicts of interest. The Placement Agent Entities may retain, or own in the future, classes of Series K-S02 SPCs or series 2014-KS02 certificates and any voting rights of those classes could be exercised by any such Placement Agent Entity in a manner that could adversely impact one or more classes of the Series K-S02 SPCs or one or more classes of the series 2014-KS02 certificates. If that were to occur, that Placement Agent Entity’s interests may not be aligned with the interests of the holders of the Series K-S02 SPCs or the series 2014-KS02 certificates.

The Placement Agent Entities include broker-dealers whose business includes executing securities and derivative transactions on their own behalf as principals and on behalf of clients. As such, they actively make markets in and trade financial instruments for their own accounts and for the accounts of customers. These financial instruments include debt and equity securities, currencies, commodities, bank loans, indices, baskets and other

products. The Placement Agent Entities' activities include, among other things, executing large block trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. The securities and instruments in which the Placement Agent Entities take positions, or expect to take positions, include loans similar to the underlying mortgage loans, securities and instruments similar to the Series K-S02 SPCs and the series 2014-KS02 certificates, and other securities and instruments. Market making is an activity where the Placement Agent Entities buy and sell on behalf of customers, or for their own accounts, to satisfy the expected demand of customers. By its nature, market making involves facilitating transactions among market participants that have differing views of securities and instruments. As a result, you should expect that the Placement Agent Entities will take positions that are inconsistent with, or adverse to, the investment objectives of investors in one or more classes of the Series K-S02 SPCs or one or more classes of the series 2014-KS02 certificates.

As a result of the Placement Agent Entities' various financial market activities, including acting as a research provider, investment advisor, market maker or principal investor, you should expect that personnel in various businesses throughout the Placement Agent Entities will have and express research or investment views and make recommendations that are inconsistent with, or adverse to, the objectives of investors in one or more classes of the Series K-S02 SPCs or one or more classes of the series 2014-KS02 certificates.

To the extent a Placement Agent Entity makes a market in the Series K-S02 SPCs or series 2014-KS02 certificates (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Series K-S02 SPCs or series 2014-KS02 certificates. The price at which a Placement Agent Entity may be willing to purchase Series K-S02 SPCs or series 2014-KS02 certificates, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Series K-S02 SPCs or series 2014-KS02 certificates and significantly lower than the price at which it may be willing to sell the Series K-S02 SPCs or series 2014-KS02 certificates.

In addition, the Placement Agent Entities will have no obligation to monitor the performance of the Series K-S02 SPCs, the series 2014-KS02 certificates or the actions of the master servicer, the special servicer, the certificate administrator or the trustee and will have no authority to advise the master servicer, the special servicer, the certificate administrator or the trustee or to direct their actions. Furthermore, the Placement Agent Entities may have ongoing relationships with, render services to, and engage in transactions with the borrowers, the sponsors and their respective affiliates, which relationships and transactions may create conflicts of interest between the Placement Agent Entities, on the one hand, and the issuing entity, on the other hand.

Furthermore, the Placement Agent Entities expect that a completed offering will enhance their ability to assist clients and counterparties in the transaction or in related transactions (including assisting clients in additional purchases and sales of the certificates and hedging transactions). The Placement Agent Entities expect to derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to clients may enhance the Placement Agent Entities' relationships with various parties, facilitate additional business development, and enable them to obtain additional business and generate additional revenue.

The Placement Agent Entities are playing several roles in this transaction. Wells Fargo Securities, LLC, one of the placement agents for the Series K-S02 SPCs, will also be the initial purchaser of the series 2014-KS02 certificates and is an affiliate of Wells Fargo Commercial Mortgage Securities, Inc., which will be the depositor, and is also an affiliate of Wells Fargo Bank, National Association, which will be the master servicer and the special servicer. Each of the foregoing relationships should be considered carefully before making an investment in any class of Series K-S02 SPCs or any class of series 2014-KS02 certificates.

Your Lack of Control Over the Issuing Entity Can Adversely Impact Your Investment. Except as described below, investors in the series 2014-KS02 certificates do not have the right to make decisions with respect to the administration of the issuing entity. These decisions are generally made, subject to the express terms of the series 2014-KS02 pooling and servicing agreement, by the master servicer, the special servicer and the trustee. Any decision made by any of those parties in respect of the issuing entity in accordance with the terms of the series 2014-KS02 pooling and servicing agreement, even if it determines that decision to be in your best interests, may be contrary to the decision that you would have made and may negatively affect your interests.

Notwithstanding the foregoing, the series 2014-KS02 directing certificateholder and Freddie Mac or its designee have the right to exercise various rights and powers in respect of the issuing entity as described under "The

Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans” and “The Series 2014-KS02 Pooling and Servicing Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” in this information circular.

In addition, in certain limited circumstances, series 2014-KS02 certificateholders have the right to vote on matters affecting the issuing entity. In some cases, these votes are by series 2014-KS02 certificateholders taken as a whole and in others the vote is by class. In all cases, voting is based on the outstanding certificate balance, which is reduced by realized losses. These limitations on voting could adversely affect your ability to protect your interests with respect to matters voted on by series 2014-KS02 certificateholders. See “Description of the Series 2014-KS02 Certificates—Voting Rights” in this information circular.

The Interests of the Series 2014-KS02 Directing Certificateholder or Freddie Mac May Be in Conflict with the Interests of the Offered Certificateholders. The series 2014-KS02 directing certificateholder and Freddie Mac or its designee have the right to exercise the various rights and powers in respect of the mortgage pool described under “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans” in this information circular. You should expect that the series 2014-KS02 directing certificateholder and Freddie Mac or its designee will each exercise those rights and powers on behalf of itself, and they will not be liable to any series 2014-KS02 certificateholders for doing so. However, certain matters relating to Affiliated Borrower Loans will require the special servicer to act in place of the series 2014-KS02 directing certificateholder. See “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this information circular.

In addition, subject to the conditions described under “The Series 2014-KS02 Pooling and Servicing Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” in this information circular, the series 2014-KS02 directing certificateholder may remove the special servicer, with or without cause, and appoint a successor special servicer chosen by it without the consent of the holders of any other series 2014-KS02 certificates, the trustee, the certificate administrator or the master servicer, but with the approval of Freddie Mac, which approval may not be unreasonably withheld. In the absence of significant losses on the underlying mortgage loans, the series 2014-KS02 directing certificateholder will be a holder of a non-offered class of series 2014-KS02 certificates. The series 2014-KS02 directing certificateholder is therefore likely to have interests that conflict with those of the holders of the offered certificates. See “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Series 2014-KS02 Directing Certificateholder” in this information circular.

You May Be Bound by the Actions of Other Series 2014-KS02 Certificateholders. In some circumstances, the consent or approval of the holders of a specified percentage of the series 2014-KS02 certificates will be permitted to direct, consent to or approve certain actions, including amending the series 2014-KS02 pooling and servicing agreement. In these cases, this consent or approval will be sufficient to bind all holders of series 2014-KS02 certificates.

Terrorist Attacks and United States Military Action Could Adversely Affect the Value of the Revenues of the Mortgaged Real Properties. On September 11, 2001, the United States was subjected to multiple terrorist attacks, resulting in the loss of many lives and massive property damage and destruction in New York City, the Washington, D.C. area and Pennsylvania. Subsequently a number of thwarted planned attacks in the United States have been reported. The possibility of such attacks could (i) lead to damage to the mortgaged real properties if any such attacks occur, (ii) result in higher costs for insurance premiums, which could adversely affect the cash flow at the mortgaged real properties, (iii) impact office leasing patterns which could adversely impact office property rent and (iv) impact shopping patterns which could adversely impact retail property traffic and percentage rent. As a result, the ability of the mortgaged real properties to generate cash flow may be adversely affected. It is impossible to predict whether, or the extent to which, future terrorist activities may occur in the United States.

It is uncertain what effects any future terrorist activities in the United States or abroad and/or any consequent actions on the part of the United States Government and others, including military action, could have on general economic conditions, real estate markets, particular business segments (including those that are important to the performance of the underlying mortgage loans) and/or insurance costs and the availability of insurance coverage for terrorist acts. Among other things, reduced investor confidence could result in substantial volatility in securities

markets and a decline in real estate-related investments. In addition, reduced consumer confidence, as well as a heightened concern for personal safety, could result in a material decline in personal spending and travel.

As a result of the foregoing, defaults on real estate loans could increase; and, regardless of the performance of the underlying mortgage loans, the liquidity and market value of the offered certificates may be impaired.

The Volatile Economy and Credit Crisis May Increase Loan Defaults and Affect the Value and Liquidity of Your Investment. The global economy recently experienced a significant recession, as well as a severe, ongoing disruption in the credit markets, including the general absence of investor demand for and purchases of commercial and multifamily mortgage-backed securities (“CMBS”) and other asset-backed securities and structured financial products. The United States economic recovery has been weak and may not be sustainable for any specific period of time, and the global or United States economy could slip into an even more significant recession. Downward price pressures and increasing defaults and foreclosures in residential real estate or other conditions that severely depressed the overall economy and contributed to the credit crisis have also led to increased vacancies, decreased rents or other declines in income from, or the value of, commercial and multifamily real estate, including assisted living or independent living facility properties.

Additionally, decreases in the value of commercial and multifamily properties and the tightening by commercial and multifamily real estate lenders of underwriting standards have prevented many commercial and multifamily mortgage borrowers, including assisted living and/or independent living facility mortgage borrowers, from refinancing their mortgages. A very substantial amount of United States mortgage loans, with balloon payment obligations in excess of their respective current property values, are maturing over the coming three years. These circumstances have increased delinquency and default rates of securitized assisted living and/or independent living facility mortgage loans, and may lead to widespread defaults on assisted living and/or independent living facility mortgages. In addition, the declines in commercial and multifamily real estate values, including the values of assisted living and/or independent living facilities, have resulted in reduced borrower equity, hindering the ability of borrowers to refinance in an environment of increasingly restrictive lending standards and giving them less incentive to cure delinquencies and avoid foreclosure. Higher loan-to-value ratios are likely to result in lower recoveries on foreclosure, and an increase in loss severities above those that would have been realized had commercial and multifamily property values remained the same or continued to increase. Defaults, delinquencies and losses have further decreased property values, thereby resulting in additional defaults by commercial and multifamily mortgage borrowers, further credit constraints, further declines in property values and further adverse effects on the perception of the value of CMBS. Even if the real estate market does recover, the mortgaged real properties and, therefore, the offered certificates, may decline in value. Any further economic downturn may adversely affect the financial resources of the borrowers under the underlying mortgage loans and may result in the inability of the borrowers to make principal and interest payments on the underlying mortgage loans. In the event of default by a borrower under an underlying mortgage loan, the series 2014-KS02 certificateholders would likely suffer a loss on their investment.

In addition, the global financial markets have recently experienced increased volatility due to uncertainty surrounding the level and sustainability of the sovereign debt of various countries. Much of this uncertainty has related to certain countries, including Greece, Ireland, Spain, Portugal and Italy, that participate in the European Monetary Union and whose sovereign debt is generally denominated in euros, the common currency shared by members of that union. In addition, some economists, observers and market participants have expressed concerns regarding the sustainability of the monetary union and the common currency in their current form. Concerns regarding sovereign debt may spread to other countries at any time. Furthermore, many state and local governments in the United States are experiencing, and are expected to continue to experience, severe budgetary strain. One or more states could default on their debt, or one or more significant local governments could default on their debt or seek relief from their debt under the Bankruptcy Code or by agreement with their creditors. Any or all of the circumstances described above may lead to further volatility in or disruption of the credit markets at any time.

Moreover, other types of events, domestic or international, may affect general economic conditions and financial markets, such as wars, revolts, insurrections, armed conflicts, energy supply or price disruptions, terrorism, political crises, natural disasters and man-made disasters. We cannot predict such matters or their effect on the value or performance of the offered certificates.

Investors should consider that general conditions in the commercial and multifamily real estate and mortgage markets, including the market for assisted living and/or independent living facility properties, may adversely affect

the performance of the underlying mortgage loans and accordingly the performance of the offered certificates. In addition, in connection with all the circumstances described above, you should be aware in particular that:

- such circumstances may result in substantial delinquencies and defaults on the underlying mortgage loans and adversely affect the amount of liquidation proceeds the issuing entity would realize in the event of foreclosures and liquidations;
- defaults on the underlying mortgage loans may occur in large concentrations over a period of time, which might result in rapid declines in the value of the certificates;
- notwithstanding that all of the underlying mortgage loans were recently underwritten and originated, the values of the mortgaged real properties may have declined since the related underlying mortgage loans were originated and may decline following the issuance of the series 2014-KS02 certificates and such declines may be substantial and occur in a relatively short period following the issuance of the series 2014-KS02 certificates; and such declines may or may not occur for reasons largely unrelated to the circumstances of the particular mortgaged real property;
- if you determine to sell the series 2014-KS02 certificates, you may be unable to do so or you may be able to do so only at a substantial discount from the price you paid; this may be the case for reasons unrelated to the then-current performance of the offered certificates or the underlying mortgage loans; and this may be the case within a relatively short period following the issuance of the series 2014-KS02 certificates;
- if the underlying mortgage loans default, then the yield on your investment may be substantially reduced notwithstanding that liquidation proceeds may be sufficient to result in the repayment of the principal of and accrued interest on the offered certificates; an earlier than anticipated repayment of principal (even in the absence of losses) in the event of a default in advance of the maturity date would tend to shorten the weighted average period during which you earn interest on your investment; and a later than anticipated repayment of principal (even in the absence of losses) in the event of a default upon the maturity date would tend to delay your receipt of principal and the interest on your investment may be insufficient to compensate you for that delay;
- even if liquidation proceeds received on defaulted underlying mortgage loans are sufficient to cover the principal and accrued interest on those underlying mortgage loans, the issuing entity may experience losses in the form of special servicing fees and other expenses, and you may bear losses as a result, or your yield may be adversely affected by such losses;
- the time periods to resolve defaulted mortgage loans may be long, and those periods may be further extended because of borrower bankruptcies and related litigation; this may be especially true in the case of loans made to borrowers that have, or whose affiliates have, substantial debts other than the underlying mortgage loan, including related subordinate or mezzanine financing;
- trading activity associated with indices of CMBS may also drive spreads on those indices wider than spreads on CMBS, thereby resulting in a decrease in the value of such CMBS, including the offered certificates, and spreads on those indices may be affected by a variety of factors, and may or may not be affected for reasons involving the commercial and multifamily real estate markets and may be affected for reasons that are unknown and cannot be discerned; and
- even if you intend to hold the series 2014-KS02 certificates, depending on your circumstances, you may be required to report declines in the value of the series 2014-KS02 certificates, and/or record losses, on your financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements or other financial transactions that you are entering into that are backed by or make reference to the series 2014-KS02 certificates, in each case as if the series 2014-KS02 certificates were to be sold immediately.

In connection with all the circumstances described above, the risks we describe elsewhere under “Risk Factors” in this information circular are heightened substantially, and you should review and carefully consider such risk factors in light of such circumstances.

Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of Your Investment. We make no representation as to the proper characterization of the series 2014-KS02 certificates for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the series 2014-KS02 certificates under applicable legal investment or other restrictions or as to the consequences of an investment in the series 2014-KS02 certificates for such purposes or under such restrictions. We note that regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire CMBS, which in turn may adversely affect the ability of investors in the series 2014-KS02 certificates who are not subject to those provisions to resell their series 2014-KS02 certificates in the secondary market. For example:

- Effective January 1, 2014, Articles 404-410 (inclusive) of EU Regulation 575/2013 (“Articles 404-410”) impose on European Economic Area (“EEA”) credit institutions and investment firms investing in securitizations issued on or after January 1, 2011, or in securitizations issued prior to that date where new assets are added or substituted after December 31, 2014: (a) a requirement (the “Retention Requirement”) that the originator, sponsor or original lender of such securitization has explicitly disclosed that it will retain, on an ongoing basis, a material net economic interest which, in any event, shall not be less than 5%; and (b) a requirement (the “Due Diligence Requirement”) that the investing credit institution or investment firm has undertaken certain due diligence in respect of the securitization and the underlying exposures and has established procedures for monitoring them on an ongoing basis.

National regulators in EEA member states impose penal risk weights on securitization investments in respect of which the Retention Requirement or the Due Diligence Requirement has not been satisfied in any material respect by reason of the negligence or omission of the investing credit institution or investment firm. If the Retention Requirement or the Due Diligence Requirement is not satisfied in respect of a securitization investment held by a non EEA subsidiary of an EEA credit institution or investment firm then an additional risk weight may be applied to such securitization investment when taken into account on a consolidated basis at the level of the EEA credit institution or investment firm. Requirements similar to the Retention Requirement and the Due Diligence Requirement (“Similar Requirements”): (i) apply to investments in securitizations by investment funds managed by EEA investment managers subject to EU Directive 2011/61/EU; and (ii) subject to the adoption of certain secondary legislation, will apply to investments in securitizations by EEA insurance and reinsurance undertakings and by EEA undertakings for collective investment in transferable securities.

None of the sponsors, the depositor, their respective affiliates or any other person is committing to retain a material net economic interest in the securitization constituted by the issue of the offered certificates in accordance with the Retention Requirement or to take any other action which may be required by EEA-regulated investors for the purposes of their compliance with the Retention Requirement, the Due Diligence Requirement or Similar Requirements. Consequently, the offered certificates are not a suitable investment for EEA credit institutions, investment firms or the other types of EEA regulated investors mentioned above. As a result, the price and liquidity of the offered certificates in the secondary market may be adversely affected. This could adversely affect your ability to transfer the offered certificates or the price you may receive upon your sale of the offered certificates.

- Section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires that federal banking agencies amend their regulations to remove reference to or reliance on credit agency ratings, including but not limited to those found in the federal banking agencies’ risk-based capital regulations. While many such regulations have been issued in final form, others remain pending. As a result of these new regulations, investments in CMBS such as the series 2014-KS02 certificates by institutions subject to the risk-based capital regulations may result in greater capital charges to these financial institutions, and these new regulations may otherwise adversely affect the treatment of CMBS for regulatory capital purposes.
- Section 619 of the Dodd-Frank Act added a provision, commonly referred to as the “Volcker Rule,” to federal banking laws to generally prohibit various covered banking entities from, among other things, engaging in proprietary trading in securities and derivatives, subject to certain exemptions. Section 619 became effective on July 21, 2012, and final regulations were issued on December 10, 2013. Conformance

with the Volcker Rule's provisions is required by July 21, 2015, subject to the possibility of up to two one-year extensions granted by the Federal Reserve in its discretion. The Volcker Rule and those regulations restrict certain purchases or sales of securities generally and derivatives by banking entities if conducted on a proprietary trading basis. The Volcker Rule's provisions may adversely affect the ability of banking entities to purchase and sell the series 2014-KS02 certificates.

- The Financial Accounting Standards Board has adopted changes to the accounting standards for structured products. These changes, or any future changes, may affect the accounting for entities such as the issuing entity, could under certain circumstances require an investor or its owner generally to consolidate the assets of the issuing entity in its financial statements and record third parties' investments in the issuing entity as liabilities of that investor or owner or could otherwise adversely affect the manner in which the investor or its owner must report an investment in CMBS for financial reporting purposes.

Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the series 2014-KS02 certificates will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements.

The Prospective Performance of the Mortgage Loans Included in the Issuing Entity Should Be Evaluated Separately from the Performance of the Mortgage Loans in Any of Our Other Trusts. While there may be certain common factors affecting the performance and value of income-producing real properties in general, those factors do not apply equally to all income-producing real properties and, in many cases, there are unique factors that will affect the performance and/or value of a particular income-producing real property. Moreover, the effect of a given factor on a particular mortgaged real property will depend on a number of variables, including but not limited to property type, geographic location, competition, sponsorship and other characteristics of the property and the related underlying mortgage loan. Each income-producing mortgaged real property represents a separate and distinct business venture and, as a result each mortgage loan requires a unique underwriting analysis. Furthermore, economic and other conditions affecting mortgaged real properties, whether worldwide, national, regional or local, vary over time. The performance of a pool of mortgage loans originated and outstanding under a given set of economic conditions may vary significantly from the performance of an otherwise comparable mortgage pool originated and outstanding under a different set of economic conditions. Accordingly, investors should evaluate the underlying mortgage loans independently from the performance of mortgage loans underlying any other series of certificates.

In addition, in this transaction, all of the underlying mortgage loans are secured by assisted living and/or independent living mortgaged properties. See “—Risks Related to the Underlying Mortgage Loans—Assisted Living Properties Pose Risks Not Associated with Other Types of Multifamily Properties” above for a further description of issues applicable to healthcare related properties.

In addition, in this transaction, the underlying mortgage loans were originated between January 29, 2013 and February 5, 2014, making certain of the underlying mortgage loans seasoned loans. See “—Risks Related to the Underlying Mortgage Loans—Certain Of The Underlying Mortgage Loans Are Seasoned Loans” above for a further description of issues applicable to seasoning of the underlying mortgage loans.

The Market Value of the Certificates Will Be Sensitive to Factors Unrelated to the Performance of the Certificates and the Underlying Mortgage Loans. The market value of the certificates can decline even if those certificates and the underlying mortgage loans are performing at or above your expectations. The market value of the certificates will be sensitive to fluctuations in current interest rates. However, a change in the market value of the certificates as a result of an upward or downward movement in current interest rates may not equal the change in the market value of the certificates as a result of an equal but opposite movement in interest rates.

The market value of the certificates will also be influenced by the supply of and demand for commercial mortgage-backed securities generally. The supply of commercial mortgage-backed securities will depend on, among other things, the amount of commercial and multifamily mortgage loans, whether newly originated or held in portfolio, that are available for securitization. A number of factors will affect investors' demand for commercial mortgage-backed securities, including—

- the availability of alternative investments that offer high yields or are perceived as being a better credit risk, having a less volatile market value or being more liquid;
- legal and other restrictions that prohibit a particular entity from investing in commercial mortgage-backed securities or limit the amount or types of commercial mortgage-backed securities that it may acquire;
- investors' perceptions regarding the commercial and multifamily real estate markets which may be adversely affected by, among other things, a decline in real estate values or an increase in defaults and foreclosures on mortgage loans secured by income-producing properties; and
- investors' perceptions regarding the capital markets in general, which may be adversely affected by political, social and economic events completely unrelated to the commercial and multifamily real estate markets.

If you decide to sell the certificates, you may have to sell at a discount from the price you paid for reasons unrelated to the performance of the certificates or the related underlying mortgage loans. Pricing information regarding the certificates may not be generally available on an ongoing basis.

The Certificates Will Not Be Rated. We have not engaged any nationally recognized statistical rating organization (“NRSRO”), as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to rate any class of the series 2014-KS02 certificates. The absence of ratings may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of, the series 2014-KS02 certificates.

If your investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities, then you may be subject to restrictions on investment in the series 2014-KS02 certificates. You should consult your own legal advisors for assistance in determining the suitability of and consequences to you of the purchase, ownership and sale of the series 2014-KS02 certificates.

Risks Relating to the Mortgage Loan Seller and Guarantor

The Conservator May Repudiate Freddie Mac’s Contracts, Including Its Guarantee and Other Obligations Related to the Offered Certificates. On September 6, 2008, the Federal Housing Finance Agency (“FHFA”) was appointed Freddie Mac’s conservator by the FHFA director. See “Description of the Mortgage Loan Seller and Guarantor—Freddie Mac Conservatorship” in this information circular. The conservator has the right to transfer or sell any asset or liability of Freddie Mac, including its guarantee obligation, without any approval, assignment or consent. If the conservator were to transfer Freddie Mac’s guarantee obligation to another party, holders of the offered certificates would have to rely on that party for the satisfaction of the guarantee obligation and would be exposed to the credit risk of that party. Freddie Mac is also the mortgage loan seller and as such has certain obligations to repurchase underlying mortgage loans in the event of material breaches of certain representations or warranties. If the conservator were to transfer Freddie Mac’s obligations as mortgage loan seller to another party, holders of the series 2014-KS02 certificates would have to rely on that party for satisfaction of the repurchase obligation and would be exposed to credit risk of that party.

Future Legislation and Regulatory Actions Will Likely Affect the Role of Freddie Mac. Future legislation will likely materially affect the role of Freddie Mac, its business model, its structure and future results of operations. Some or all of Freddie Mac’s functions could be transferred to other institutions, and it could cease to exist as a stockholder-owned company or at all.

On February 11, 2011, the Obama Administration delivered a report to Congress that lays out the Administration's plan to reform the U.S. housing finance market, including options for structuring the government's long-term role in a housing finance system in which the private sector is the dominant provider of mortgage credit. The report recommends winding down Freddie Mac and Fannie Mae, stating that the Administration will work with FHFA to determine the best way to responsibly reduce the role of Freddie Mac and Fannie Mae in the market and ultimately wind down both institutions. The report recommends using a combination of policy levers to wind down Freddie Mac and Fannie Mae, shrink the government's footprint in housing finance, and help bring private capital back to the mortgage market, including: (i) increasing guarantee fees; (ii) increasing private capital ahead of Freddie Mac and Fannie Mae guarantees and phasing in a ten (10) percent down payment requirement; (iii) reducing conforming loan limits; and (iv) winding down Freddie Mac and Fannie Mae's investment portfolios.

In addition to legislative actions, FHFA has expansive regulatory authority over Freddie Mac, and the manner in which FHFA will use its authority in the future is unclear. FHFA could take a number of regulatory actions that could materially adversely affect Freddie Mac, such as changing or reinstating current capital requirements, which are not binding during conservatorship.

FHFA Could Terminate the Conservatorship by Placing Freddie Mac into Receivership, Which Could Adversely Affect the Freddie Mac Guarantee. Under the Federal Housing Finance Regulatory Reform Act (the "Reform Act"), FHFA must place Freddie Mac into receivership if FHFA determines in writing that Freddie Mac's assets are less than its obligations for a period of 60 days. FHFA has notified Freddie Mac that the measurement period for any mandatory receivership determination with respect to Freddie Mac's assets and obligations would commence no earlier than the SEC public filing deadline for its quarterly or annual financial statements and would continue for 60 calendar days after that date. FHFA has also advised Freddie Mac that, if, during that 60-day period, Freddie Mac receives funds from Treasury in an amount at least equal to the deficiency amount under the senior preferred stock purchase agreement between FHFA, as conservator of Freddie Mac, and Treasury (as amended, the "Purchase Agreement"), the Director of FHFA will not make a mandatory receivership determination.

In addition, Freddie Mac could be put into receivership at the discretion of the Director of FHFA at any time for other reasons, including conditions that FHFA has already asserted existed at the time Freddie Mac was placed into conservatorship. These include: a substantial dissipation of assets or earnings due to unsafe or unsound practices; the existence of an unsafe or unsound condition to transact business; an inability to meet its obligations in the ordinary course of business; a weakening of its condition due to unsafe or unsound practices or conditions; critical undercapitalization; the likelihood of losses that will deplete substantially all of its capital; or by consent. A receivership would terminate the conservatorship. The appointment of FHFA (or any other entity) as Freddie Mac's receiver would terminate all rights and claims that its creditors may have against Freddie Mac's assets or under its charter arising as a result of their status as creditors, other than the potential ability to be paid upon Freddie Mac's liquidation. Unlike a conservatorship, the purpose of which is to conserve Freddie Mac's assets and return it to a sound and solvent condition, the purpose of a receivership is to liquidate Freddie Mac's assets and resolve claims against Freddie Mac.

In the event of a liquidation of Freddie Mac's assets, there can be no assurance that there would be sufficient proceeds to pay the secured and unsecured claims of the company, repay the liquidation preference of any series of its preferred stock or make any distribution to the holders of its common stock. To the extent that Freddie Mac is placed in receivership and does not or cannot fulfill its guarantee or other contractual obligations to the holders of its mortgage-related securities, including the series 2014-KS02 certificates, such holders could become unsecured creditors of Freddie Mac with respect to claims made under Freddie Mac's guarantee or its other contractual obligations.

As receiver, FHFA could repudiate any contract entered into by Freddie Mac prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of Freddie Mac's affairs. The Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver.

If FHFA, as receiver, were to repudiate Freddie Mac's guarantee obligations, the receivership estate would be liable for actual direct compensatory damages as of the date of receivership under the Reform Act. Any such liability could be satisfied only to the extent that Freddie Mac's assets were available for that purpose.

Moreover, if Freddie Mac's guarantee obligations were repudiated, payments of principal and/or interest to the holders of the offered certificates would be reduced in the event of any borrower's late payment or failure to pay or a servicer's failure to remit borrower payments into the issuing entity or advance borrower payments. Any actual direct compensatory damages owed as a result of the repudiation of Freddie Mac's guarantee obligations may not be sufficient to offset any shortfalls experienced by the holders of the offered certificates.

During a receivership, certain rights of the holders of the offered certificates under the series 2014-KS02 pooling and servicing agreement and mortgage loan purchase agreement may not be enforceable against FHFA, or enforcement of such rights may be delayed.

The Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Freddie Mac is a party, or obtain possession of or exercise control over any property of Freddie Mac, or affect any contractual rights of Freddie Mac, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver.

If Freddie Mac is placed into receivership and does not or cannot fulfill its guarantee obligations or other contractual obligations under the series 2014-KS02 pooling and servicing agreement, holders of the series 2014-KS02 certificates could become unsecured creditors of Freddie Mac with respect to claims made under its guarantee or other contractual obligations.

CAPITALIZED TERMS USED IN THIS INFORMATION CIRCULAR

From time to time we use capitalized terms in this information circular. A capitalized term used throughout this information circular will have the meaning assigned to it in the "Glossary" of this information circular.

FORWARD-LOOKING STATEMENTS

This information circular includes the words "expects," "intends," "anticipates," "likely," "estimates," and similar words and expressions. These words and expressions are intended to identify forward-looking statements. Any forward-looking statements are made subject to risks and uncertainties that could cause actual results to differ materially from those stated. These risks and uncertainties include, among other things, declines in general economic and business conditions, increased competition, changes in demographics, changes in political and social conditions, regulatory initiatives and changes in customer preferences, many of which are beyond our control and the control of any other person or entity related to this offering. The forward-looking statements made in this information circular are accurate as of the date stated on the cover of this information circular. We have no obligation to update or revise any forward-looking statement.

DESCRIPTION OF THE ISSUING ENTITY

The entity issuing the offered certificates will be FREMF 2014-KS02 Mortgage Trust, which we refer to in this information circular as the "issuing entity." The issuing entity is a New York common law trust that will be formed on the Closing Date pursuant to the series 2014-KS02 pooling and servicing agreement. The only activities that the issuing entity may perform are those set forth in the series 2014-KS02 pooling and servicing agreement, which are generally limited to owning and administering the underlying mortgage loans and any REO Property, disposing of defaulted mortgage loans and REO Property, issuing the offered certificates and making distributions and providing reports to certificateholders. Accordingly, the issuing entity may not issue securities other than the certificates, or invest in securities, other than investment of funds in certain accounts maintained under the series 2014-KS02 pooling and servicing agreement in certain short-term, high-quality investments. The issuing entity may not lend or borrow money, except that the master servicer or the trustee may make advances to the issuing entity only to the extent it deems such advances to be recoverable from the related underlying mortgage loan. Such advances are intended to be in the nature of a liquidity, rather than a credit facility. The series 2014-KS02 pooling and servicing agreement may be amended as set forth under "The Series 2014-KS02 Pooling and Servicing Agreement—Amendment" in this information circular. The issuing entity administers the underlying mortgage loans through the master servicer and the special servicer. A discussion of the duties of the servicers, including any discretionary

activities performed by each of them, is set forth under “The Series 2014-KS02 Pooling and Servicing Agreement” in this information circular.

The only assets of the issuing entity other than the underlying mortgage loans and any REO Properties are certain accounts maintained pursuant to the series 2014-KS02 pooling and servicing agreement, the obligations of Freddie Mac pursuant to the Freddie Mac Guarantee and the short-term investments in which funds in the collection accounts and other accounts are invested. The issuing entity has no present liabilities, but has potential liability relating to ownership of the underlying mortgage loans and any REO Properties, and indemnity obligations to the trustee, the custodian, the certificate administrator, the master servicer, the special servicer and Freddie Mac. The fiscal year of the issuing entity is the calendar year. The issuing entity has no executive officers or board of directors. It acts through the trustee, the custodian, the certificate administrator, the master servicer and the special servicer.

The depositor is contributing the underlying mortgage loans to the issuing entity. The depositor is purchasing the underlying mortgage loans from the mortgage loan seller pursuant to a mortgage loan purchase agreement, as described in “Summary of Information Circular—The Underlying Mortgage Loans—Source of the Underlying Mortgage Loans” and “Description of the Underlying Mortgage Loans—Representations and Warranties” in this information circular.

As a common-law trust, it is anticipated that the issuing entity would not be subject to the Bankruptcy Code. In connection with the sale of the underlying mortgage loans from the depositor to the issuing entity, a legal opinion is required to be rendered to the effect that if the depositor were to become a debtor in a case under the Bankruptcy Code, a federal bankruptcy court, which acted reasonably and correctly applied the law to the facts as set forth in such legal opinion after full consideration of all relevant factors, would hold that the transfer of the underlying mortgage loans from the depositor to the issuing entity was a true sale rather than a pledge such that (i) the underlying mortgage loans, and payments under the underlying mortgage loans and identifiable proceeds from the underlying mortgage loans would not be property of the estate of the depositor under Section 541 of the Bankruptcy Code and (ii) the automatic stay arising pursuant to Section 362 of the Bankruptcy Code upon the commencement of a bankruptcy case of the depositor is not applicable to payments on the underlying mortgage loans. This legal opinion is based on numerous assumptions, and we cannot assure you that all of such assumed facts are true, or will continue to be true. Moreover, we cannot assure you that a court would rule as anticipated in the foregoing legal opinion.

The issuing entity will not be registered under the Investment Company Act. The issuing entity will not be relying upon Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act as a basis for not registering under the Investment Company Act.

There are no legal proceedings pending against the issuing entity that are material to the series 2014-KS02 certificateholders.

DESCRIPTION OF THE DEPOSITOR

The depositor will be Wells Fargo Commercial Mortgage Securities, Inc., a North Carolina corporation. The depositor is an affiliate of Wells Fargo Securities, LLC, which will be the initial purchaser of the series 2014-KS02 certificates and is one of the placement agents for the Series K-S02 SPCs, and is also an affiliate of Wells Fargo Bank, National Association, which will be the master servicer and the special servicer. The depositor maintains its principal office at 375 Park Avenue, 2nd Floor, New York, New York 10152. Its telephone number is (212) 214-5600. The depositor does not have, nor is it expected in the future to have, any significant assets or liabilities.

The depositor will have minimal ongoing duties with respect to the offered certificates and the underlying mortgage loans. The depositor’s duties pursuant to the series 2014-KS02 pooling and servicing agreement include, without limitation, the duty to appoint a successor trustee or certificate administrator in the event of the resignation or removal of the trustee or the certificate administrator, to remove the trustee or the certificate administrator if requested by at least a majority of certificateholders, to provide information in its possession to the certificate administrator to the extent necessary to perform REMIC tax administration and to indemnify the trustee, the certificate administrator and any similar party and issuing entity for any liability, assessment or costs arising from its

bad faith, negligence, fraud or malfeasance in providing such information. The depositor is required under the certificate purchase agreement relating to the offered certificates to indemnify Freddie Mac for certain liabilities.

Under the series 2014-KS02 pooling and servicing agreement, the depositor and various related persons and entities will be entitled to be indemnified by the issuing entity for certain losses and liabilities incurred by the depositor as described in “The Series 2014-KS02 Pooling and Servicing Agreement—Certain Indemnities” in this information circular.

There are no legal proceedings pending against the depositor that are material to the series 2014-KS02 certificateholders.

Neither we nor any of our affiliates will guarantee any of the underlying mortgage loans. Furthermore, no governmental agency or instrumentality will guarantee or insure any of those underlying mortgage loans.

DESCRIPTION OF THE MORTGAGE LOAN SELLER AND GUARANTOR

The Mortgage Loan Seller and Guarantor

All of the underlying mortgage loans were sold to us by Freddie Mac, the mortgage loan seller. Each underlying mortgage loan was purchased by the mortgage loan seller from one of Berkadia Commercial Mortgage LLC, CBRE Capital Markets, Inc., Greystone Servicing Corporation, Inc. and KeyBank National Association (successor to KeyCorp Real Estate Capital Markets, Inc.), and was re-underwritten by the mortgage loan seller.

Freddie Mac is one of the largest participants in the U.S. mortgage market. Freddie Mac is a stockholder-owned government-sponsored enterprise chartered by Congress on July 24, 1970 under the Freddie Mac Act to stabilize residential mortgage markets in the United States and expand opportunities for homeownership and affordable rental housing.

Freddie Mac’s statutory purposes are:

- to provide stability in the secondary market for residential mortgages;
- to respond appropriately to the private capital markets;
- to provide ongoing assistance to the secondary market for residential mortgages (including mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- to promote access to mortgage credit throughout the United States (including central cities, rural areas and other underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

Freddie Mac fulfills the requirements of its charter by purchasing residential mortgages and mortgage-related securities in the secondary mortgage market and securitizing such mortgages into mortgage-related securities for its mortgage-related investment portfolio. It also purchases multifamily residential mortgages in the secondary mortgage market and holds these loans either for investment or sale. Freddie Mac finances the purchases of its mortgage-related securities and mortgage loans, and manages its interest-rate and other market risks, primarily by issuing a variety of debt instruments and entering into derivative contracts in the capital markets. Although it is chartered by Congress, Freddie Mac is solely responsible for making payments on its obligations. Neither the U.S. government nor any agency or instrumentality of the U.S. government other than Freddie Mac guarantees its obligations.

Freddie Mac Conservatorship

Freddie Mac continues to operate under the conservatorship that commenced on September 6, 2008, conducting its business under the direction of the FHFA, Freddie Mac’s conservator (the “Conservator”). FHFA was established under the Reform Act. Prior to the enactment of the Reform Act, the U.S. Department of Housing and Urban

Development (“HUD”) had general regulatory authority over Freddie Mac, including authority over Freddie Mac’s affordable housing goals and new programs. Under the Reform Act, FHFA now has general regulatory authority over Freddie Mac, though HUD still has authority over Freddie Mac with respect to fair lending.

Upon its appointment, FHFA, as Conservator, immediately succeeded to all rights, titles, powers and privileges of Freddie Mac and of any stockholder, officer or director of Freddie Mac with respect to Freddie Mac and its assets, and succeeded to the title to all books, records and assets of Freddie Mac held by any other legal custodian or third party. During the conservatorship, the Conservator has delegated certain authority to Freddie Mac’s Board of Directors to oversee, and to Freddie Mac’s management to conduct, day-to-day operations so that Freddie Mac can continue to operate in the ordinary course of business. There is significant uncertainty as to whether or when Freddie Mac will emerge from conservatorship, as it has no specified termination date, and as to what changes may occur to Freddie Mac’s business structure during or following conservatorship, including whether Freddie Mac will continue to exist. While Freddie Mac is not aware of any current plans of its Conservator to significantly change its business structure in the near term, there are likely to be significant changes beyond the near-term that will be decided by the Obama Administration and Congress.

To address deficits in Freddie Mac’s net worth, FHFA, as Conservator, entered into the Purchase Agreement with Treasury, and (in exchange for an initial commitment fee of senior preferred stock and warrants to purchase common stock) Treasury made a commitment to provide funding, under certain conditions. Freddie Mac is dependent upon the continued support of Treasury and FHFA in order to continue operating its business. Freddie Mac’s ability to access funds from Treasury under the Purchase Agreement is critical to keeping it solvent and avoiding appointment of a receiver by FHFA under statutory mandatory receivership provisions.

On February 11, 2011, the Obama Administration delivered a report to Congress that lays out the Administration’s plan to reform the U.S. housing finance market, including options for structuring the government’s long-term role in a housing finance system in which the private sector is the dominant provider of mortgage credit. The report recommends winding down Freddie Mac and Fannie Mae, stating that the Administration will work with FHFA to determine the best way to responsibly reduce the role of Freddie Mac and Fannie Mae in the market and ultimately wind down both institutions. The report states that these efforts must be undertaken at a deliberate pace, which takes into account the impact that these changes will have on borrowers and the housing market.

The report states that the government is committed to ensuring that Freddie Mac and Fannie Mae have sufficient capital to perform under any guarantees issued now or in the future and the ability to meet any of their debt obligations, and further states that the Administration will not pursue policies or reforms in a way that would impair the ability of Freddie Mac and Fannie Mae to honor their obligations. The report states the Administration’s belief that under the companies’ senior preferred stock purchase agreements with Treasury, there is sufficient funding to ensure the orderly and deliberate wind down of Freddie Mac and Fannie Mae, as described in the Administration’s plan.

Additional information regarding the conservatorship, the Purchase Agreement and other matters concerning Freddie Mac is available in the annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the SEC by Freddie Mac.

Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis

On March 8, 2012, the Conservator instituted a scorecard of objectives for Freddie Mac in 2012. One objective of this scorecard is for Freddie Mac to undertake a market analysis exploring the viability of operating its multifamily business model on a stand-alone basis and, after attracting private capital, without guarantees. Freddie Mac has conducted that analysis and has submitted its findings to FHFA.

If Freddie Mac were to transition its multifamily operations to one or more stand-alone entities, such entities may be entitled to exercise the rights and perform the obligations of Freddie Mac under the series 2014-KS02 pooling and servicing agreement, the mortgage loan purchase agreement and other transaction documents. However, Freddie Mac’s obligations under the Freddie Mac Guarantee and as mortgage loan seller would continue to be the obligations of Freddie Mac in its capacity as guarantor of the Guaranteed Certificates and mortgage loan seller, respectively.

Litigation Involving Mortgage Loan Seller and Guarantor

For more information on Freddie Mac's involvement as a party to various legal proceedings, see the annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports filed with the SEC by Freddie Mac.

Mortgage Loan Purchase and Servicing Standards of the Mortgage Loan Seller

General. Any mortgage loans that Freddie Mac purchases must satisfy the mortgage loan purchase standards that are contained in the Freddie Mac Act. These standards require Freddie Mac to purchase mortgage loans of a quality, type and class that meet generally the purchase standards imposed by private institutional mortgage loan investors. This means the mortgage loans must be readily marketable to institutional mortgage loan investors.

The Guide. In addition to the standards in the Freddie Mac Act, which Freddie Mac cannot change, Freddie Mac has established its own multifamily mortgage loan purchase standards, appraisal guidelines and servicing policies and procedures. These are in Freddie Mac's Multifamily Seller/Servicer Guide which can be accessed by subscribers at www.allregs.com (the "Guide"). Forms of Freddie Mac's current loan documents can be found on Freddie Mac's website, www.freddiemac.com. The master servicer and special servicer will be required to service the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans pursuant to, among other things, the Guide, as described in "The Series 2014-KS02 Pooling and Servicing Agreement—Servicing Under the Series 2014-KS02 Pooling and Servicing Agreement" in this information circular.

Freddie Mac may waive or modify its mortgage loan purchase standards and guidelines and servicing policies and procedures when it purchases any particular mortgage loan or afterward. We have described those changes in this information circular if we believe they will materially change the prepayment behavior of the underlying mortgage loans. Freddie Mac also reserves the right to change its mortgage loan purchase standards, credit, appraisal, underwriting guidelines and servicing policies and procedures at any time. This means that the underlying mortgage loans may not conform at any particular time to all of the provisions of the Guide or Freddie Mac's mortgage loan purchase documents.

Certain aspects of Freddie Mac's mortgage loan purchase and servicing guidelines are summarized below. However, this summary is qualified in its entirety by the Guide, any applicable mortgage loan purchase documents, any applicable servicing agreement and any applicable supplemental disclosure.

Mortgage Loan Purchase Standards. Freddie Mac uses mortgage loan information available to it to determine which mortgage loans it will purchase, the prices it will pay for mortgage loans, how to pool the mortgage loans it purchases and which mortgage loans it will retain in its portfolio. The information Freddie Mac uses varies over time, and may include:

- the loan-to-value and debt service coverage ratios of the mortgage loan;
- the strength of the market in which the mortgaged real property is located;
- the strength of the mortgaged real property's operations;
- the physical condition of the mortgaged real property;
- the financial strength of the borrower and its principals;
- the management experience and ability of the borrower and its principals or the property manager, as applicable; and
- Freddie Mac's evaluation of and experience with the seller of the mortgage loan.

To the extent allowed by the Freddie Mac Act, Freddie Mac has discretion to determine its mortgage loan purchase standards and whether the mortgage loans it purchases will be securitized or held in its portfolio.

Eligible Sellers, Servicers and Warranties. Freddie Mac approves sellers and servicers of mortgage loans based on a number of factors, including their financial condition, operational capability and mortgage loan origination and servicing experience. The seller or servicer of a mortgage loan need not be the originator of that mortgage loan.

In connection with its purchase of a mortgage loan, Freddie Mac relies on the representations and warranties of the seller with respect to certain matters, as is customary in the secondary market. These warranties cover such matters as:

- the accuracy of the information provided by the borrower;
- the accuracy and completeness of any third party reports prepared by a qualified professional;
- the validity of each mortgage as a first or second lien, as applicable;
- the timely payments on each mortgage loan at the time of delivery to Freddie Mac;
- the physical condition of the mortgaged real property;
- the accuracy of rent schedules; and
- the originator's compliance with applicable state and federal laws.

Mortgage Loan Servicing Policies and Procedures. Freddie Mac generally supervises servicing of the mortgage loans according to the policies and procedures in the Guide. Each servicer must diligently perform all services and duties customary to the servicing of multifamily mortgages and as required by the Guide. These include:

- collecting and posting payments on the mortgage loans;
- investigating delinquencies and defaults;
- analyzing and recommending any special borrower requests, such as requests for assumptions, subordinate financing and partial release;
- submitting monthly electronic remittance reports and annual financial statements obtained from borrowers;
- administering escrow accounts;
- inspecting properties;
- responding to inquiries of borrowers or government authorities; and
- collecting insurance claims.

Servicers service the mortgage loans, either directly or through approved sub-servicers, and receive fees for their services. Freddie Mac monitors the servicer's performance through periodic and special reports and inspections to ensure it complies with its obligations. A servicer may remit payments to Freddie Mac under various arrangements but these arrangements do not affect the timing of payments to investors. Freddie Mac invests those payments at its own risk and for its own benefit until it passes through the payments to investors. The master servicer and special servicer will be required to service the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans pursuant to, among other things, the Guide, as described in "The Series 2014-KS02 Pooling and Servicing Agreement—Servicing Under the Series 2014-KS02 Pooling and Servicing Agreement" in this information circular.

DESCRIPTION OF THE UNDERLYING MORTGAGE LOANS

General

The issuing entity will consist primarily of seventeen (17) LIBOR-based floating mortgage interest rate mortgage loans, secured by seventeen (17) mortgaged real properties, all of which are assisted living and/or independent living facility properties. The mortgage loans included in the issuing entity were originated between January 29, 2013 and February 5, 2014 and had original terms to maturity of five (5), seven (7) or ten (10) years. We refer to these loans that we intend to include in the issuing entity collectively in this information circular as the “underlying mortgage loans.” The underlying mortgage loans will have an initial total principal balance of approximately \$383,932,175 as of their applicable due dates in May 2014 (which will be May 1, 2014, subject, in some cases, to a next succeeding business day convention) (which we refer to in this information circular as the “Cut-off Date”), subject to a variance of plus or minus 5%.

The Cut-off Date Principal Balance of any underlying mortgage loan is equal to its unpaid principal balance as of the Cut-off Date, after application of all monthly debt service payments due with respect to the underlying mortgage loan on or before that date, whether or not those payments were received. The Cut-off Date Principal Balance of each underlying mortgage loan is shown on Exhibit A-1 to this information circular.

Each of the underlying mortgage loans is an obligation of the related borrower to repay a specified sum with interest. Each of those underlying mortgage loans is evidenced by one or more promissory notes and secured by a mortgage, deed of trust or other similar security instrument that creates a mortgage lien on the fee and/or leasehold interest of the related borrower or another party in one or more assisted living and/or independent living facility real properties. That mortgage lien will, in all cases, be a first priority lien subject to certain standard permitted encumbrances.

Except for certain standard nonrecourse carveouts, each of the underlying mortgage loans is a nonrecourse obligation of the related borrower. In the event of a payment default by the borrower, recourse will be limited to the corresponding mortgaged real property or properties for satisfaction of that borrower’s obligations. None of the underlying mortgage loans will be insured or guaranteed by any governmental entity or by any other person.

All of the mortgaged real properties are assisted living and/or independent living facility properties. In general, independent living facilities are residential apartments/units that provide limited services, such as congregate meals and planned activities, but do not ordinarily provide any nursing care. In general, assisted living facilities provide housing, 24-hour staffing, and a variety of services including assistance with activities of daily living, such as bathing, dressing, and medication administration. Some assisted living facilities also provide specialized services for people with Alzheimer’s disease, memory conditions and other dementias. Many of the mortgaged real properties contain a mix of both assisted living units and independent living units. Based upon a majority of units at a particular property, eleven (11) of the underlying mortgage loans, collectively representing 75.1% of the initial mortgage pool balance, are primarily independent living facility properties. Among these eleven (11) underlying mortgage loans, a minority of the units at five (5) of such mortgaged real properties are dedicated to assisted living services. One (1) such mortgaged real property also has a minority of units dedicated to providing Alzheimer’s disease and/or memory care services. In addition, based upon the majority of units at a particular property, six (6) of the underlying mortgage loans, collectively representing 24.9% of the initial mortgage pool balance, are primarily assisted living facility properties, including one (1) mortgaged real property, representing 1.7% of the initial mortgage pool balance, that provides only Alzheimer’s disease and/or memory care services. See “Risk Factors—Risks Related to the Underlying Mortgage Loans” in this information circular for a description of some of the risks relating to assisted living and independent living facility properties. Also see “Senior Living Facility Operations” for further discussion of assisted living and/or independent living facility properties.

We provide in this information circular a variety of information regarding the underlying mortgage loans. When reviewing this information, please note that—

- All numerical information provided with respect to those underlying mortgage loans is provided on an approximate basis.
- All weighted average information provided with respect to those underlying mortgage loans reflects a weighting by their respective Cut-off Date Principal Balances.

- In calculating the Cut-off Date Principal Balances of the underlying mortgage loans, we have assumed that—
 1. all scheduled payments of principal and/or interest due on the underlying mortgage loans on or before their respective due dates in May 2014, are timely made; and
 2. there are no prepayments or other unscheduled collections of principal with respect to any underlying mortgage loans during the period from its due date in April 2014 up to and including May 1, 2014.
- When information with respect to mortgaged real properties is expressed as a percentage of the initial mortgage pool balance, the percentages are based upon the Cut-off Date Principal Balances of the related underlying mortgage loans.
- Some of the underlying mortgage loans are cross-collateralized and cross-defaulted with each other. Unless otherwise indicated, when an underlying mortgage loan is cross-collateralized and cross-defaulted with another underlying mortgage loan, we present the information regarding such group of cross-collateralized and cross-defaulted mortgage loans as separate loans. One exception is that each and every underlying mortgage loan in any group of cross-collateralized and cross-defaulted mortgage loans is treated as having the Cut-off Date loan-to-value ratio and the debt service coverage ratio of such group of cross-collateralized and cross-defaulted mortgage loans. None of the underlying mortgage loans will be cross-collateralized or cross-defaulted with any mortgage loan that is not in the issuing entity.
- Whenever we refer to a particular mortgaged real property by name, we mean the property identified by that name on Exhibit A-1 to this information circular. Whenever we refer to a particular underlying mortgage loan by name, we mean the underlying mortgage loan secured by the mortgaged real property identified by that name on Exhibit A-1 to this information circular.
- Statistical information regarding the underlying mortgage loans may change prior to the date of initial issuance of the offered certificates due to changes in the composition of the mortgage pool prior to that date.

Cross-Collateralized Mortgage Loans and Mortgage Loans with Affiliated Borrowers

The mortgage pool will include two (2) groups of underlying mortgage loans that are made to affiliated borrowers and that are also cross-collateralized and cross-defaulted with one another. However, the amount of the mortgage lien encumbering any particular one of those properties may be less than the full amount of the related group of cross-collateralized mortgage loans or set of mortgage loans, generally to minimize recording tax. The mortgage amount may equal the appraised value or allocated loan amount for the particular real property. This would limit the extent to which proceeds from that property would be available to offset declines in value of the group of cross-collateralized mortgage loans or set of mortgage loans in the issuing entity.

The table below identifies the groups of underlying mortgage loans that are cross-collateralized and cross-defaulted with one another.

Cross-Collateralized Loans		
Loan Name	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance⁽¹⁾
Pine Ridge Of Garfield	\$13,785,435	3.6%
Pine Ridge Of Plumbrook	11,105,207	2.9
Villas Of Shelby	9,494,115	2.5
Pine Ridge Of Hayes	5,468,847	1.4
Total	\$39,853,604	10.4%
Emeritus At Brea	\$8,400,000	2.2%
Emeritus At Whittier	5,850,000	1.5
Total	\$14,250,000	3.7%

(1) Amounts may not add up to the totals shown due to rounding.

In addition, the mortgage pool will include three (3) groups of underlying mortgage loans that are made to affiliated borrowers. The table below shows each group of mortgaged real properties that has the same or affiliated borrowers:

Related Borrower Loans

Loan Name	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance ⁽¹⁾
The Meadows Of Glen Ellyn	\$49,184,345	12.8%
The Hallmark At Battery Park	46,402,750	12.1
The Hallmark Of Creve Coeur	37,793,285	9.8
Trillium Place	35,970,095	9.4
Total	\$169,350,475	44.1%
Village At Proprietors Green	\$38,350,000	10.0%
Balfour Cherrywood Village	6,428,096	1.7
Total	\$44,778,096	11.7%
Harvard Square	\$21,500,000	5.6%
Parkview In Frisco	20,000,000	5.2
Total	\$41,500,000	10.8%

(1) Amounts may not add up to the totals shown due to rounding.

Operating Leases

With respect to the underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “Harvard Square,” “Arbor Terrace Peachtree City,” “Parkview In Frisco,” “Pine Ridge Of Garfield,” “Pine Ridge Of Plumbrook,” “Villas Of Shelby” and “Pine Ridge Of Hayes,” collectively representing 26.6% of the initial mortgage pool balance, the mortgaged real properties are being operated pursuant to operating leases. The operating leases generally provide that the mortgaged real properties may only be used as healthcare services facilities that provide assisted living facilities, independent living facilities, Alzheimer’s disease and/or memory care units. The operating lessees are generally required to, among other things, operate the mortgaged properties in a manner that complies with all required licenses and government authorizations. Subject to certain non disturbance provisions of the operating leases, the operating leases are generally subject and subordinate to the underlying mortgage loans.

The Michigan Independent Living Portfolio Operating Master Lease

Each of the mortgaged real properties identified on Exhibit A-1 to this information circular as “Pine Ridge Of Garfield,” “Pine Ridge Of Plumbrook,” “Villas Of Shelby” and “Pine Ridge Of Hayes,” collectively representing 10.4% of the initial mortgage pool balance, is being operated pursuant to a master lease agreement, dated as of February 28, 2012, (as the same may be amended, modified or supplemented, each, a “Pine Ridge Operating Master Lease”) between each related borrower (each, a “Pine Ridge Operating Master Lessor”) and Pine Ridge Operator, LLC, the Pine Ridge Operating Master Lessee (“Pine Ridge Operating Master Lessee”). The Pine Ridge Operating Master Lease represents a lease of the Pine Ridge Operating Master Lessor’s fee interest in the land, buildings and all fixtures, machinery, equipment, furniture and other personal property located in the buildings on the date of the Pine Ridge Operating Master Lease, including any and all replacements thereof and any replacements thereto (each, a “Pine Ridge Operating Master Leased Premises”). Each Pine Ridge Operating Master Leased Premises may only be used as an independent living facility. Each Pine Ridge Operating Master Lease is subject and subordinate to the related mortgage loan.

Term

The term of each Pine Ridge Operating Master Lease commenced on February 28, 2012 and is scheduled to expire on August 1, 2021 unless otherwise terminated pursuant to the terms of the Pine Ridge Operating Master Lease.

Monthly Rent Payment

The annual base rent due under each Pine Ridge Operating Master Lease (the “Pine Ridge Operating Master Lease Rent”) is payable in advance in consecutive monthly installments on the fifteenth day of each month. The monthly rent due is equal to the monthly net operating income at each Pine Ridge Operating Master Leased Premises. In addition, the Pine Ridge Operating Master Lessee is required to pay all charges and expenses relating to each Pine Ridge Operating Master Leased Premises from and after the related Pine Ridge Operating Master Lease commencement date, including, without limitation, all taxes, costs, utilities and business expenses.

In the event that the Pine Ridge Operating Master Lessee fails to pay or discharge any monetary obligations, the related Pine Ridge Operating Master Lessor has all legal, equitable and contractual rights, powers and remedies provided in the Pine Ridge Operating Master Lease or by statute or otherwise.

Assignment and Subletting

Each Pine Ridge Operating Master Lessee is prohibited from transferring or subleasing the Pine Ridge Operating Master Lease without the related Pine Ridge Operating Master Lessor’s prior written consent, which consent may be withheld in the related Pine Ridge Operating Master Lessor’s sole and absolute discretion. However, the Pine Ridge Operating Master Lessee may, without the related Pine Ridge Operating Master Lessor’s prior written consent, assign its interest in the related Pine Ridge Operating Master Lease or sublet any part of the related Pine Ridge Operating Master Leased Premises to an entity wholly owned by such Pine Ridge Operating Master Lessee. Upon an assignment or sublease of the Pine Ridge Operating Master Lease, the Pine Ridge Operating Master Lessee and its sublessee or assignee will be jointly and severally liable for payment of the related Pine Ridge Operating Master Lease Rent and for compliance with all of the Pine Ridge Operating Master Lessee’s duties and covenants under the Pine Ridge Operating Master Lease. Each Pine Ridge Operating Master Lessor is permitted to transfer, assign, mortgage or otherwise dispose of Pine Ridge Operating Master Lessor’s interest in the Pine Ridge Operating Master Lease or the Pine Ridge Operating Master Leased Premises.

The Harvard Square Operating Master Lease

The mortgaged real property identified on Exhibit A-1 to this information circular as “Harvard Square,” representing 5.6% of the initial mortgage pool balance, is being operated pursuant to a master lease agreement, dated as of January 22, 2014, (as the same may be amended, modified or supplemented, the “Harvard Operating Master Lease”) between the borrower (“Harvard Operating Master Lessor”) and Watermark Harvard Square, LLC (the “Harvard Operating Master Lessee”). The Harvard Operating Master Lease represents a lease of the Harvard Operating Master Lessor’s fee interest in the land, buildings and all fixtures, machinery, equipment, furniture and other personal property located in the buildings on the date of the Harvard Operating Master Lease, including any and all replacements thereof and any replacements thereto (the “Harvard Operating Master Leased Premises”). The Harvard Operating Master Lease is subject and subordinate to the related mortgage loans.

Term

The term of the Harvard Operating Master Lease commenced on January 22, 2014 and is scheduled to expire on January 31, 2021, subject to three one-year renewal options and unless otherwise terminated pursuant to the terms of the Harvard Operating Master Lease.

Monthly Rent Payment

The annual base rent due under the Harvard Operating Master Lease (the “Harvard Operating Master Lease Rent”) is payable in advance in consecutive monthly installments on the first day of each month. The monthly rent due is equal to approximately \$178,811.67. In addition, the Harvard Operating Master Lessee is required to pay all charges and expenses relating to the Harvard Operating Master Leased Premises from and after the Harvard

Operating Master Lease commencement date, including, without limitation, all taxes, costs, utilities and business expenses.

In the event that the Harvard Operating Master Lessee fails to pay or discharge any monetary obligations, Harvard Operating Master Lessor has all legal, equitable and contractual rights, powers and remedies provided in the Harvard Operating Master Lease or by statute or otherwise.

Assignment and Subletting

The Harvard Operating Master Lessee is prohibited from transferring or subleasing the Harvard Operating Master Lease without Harvard Operating Master Lessor's prior written consent, which consent may be withheld in the Harvard Operating Master Lessor's sole discretion. Upon an assignment or sublease of the Harvard Operating Master Lease, the Harvard Operating Master Lessee and its sublessee or assignee will be jointly and severally liable for payment of the Harvard Operating Master Lease Rent and for compliance with all of the Harvard Operating Master Lessee's duties and covenants under the Harvard Operating Master Lease. The Harvard Operating Master Lessor is permitted to transfer, assign, mortgage or otherwise dispose of Harvard Operating Master Lessor's interest in the Harvard Operating Master Lease or the Harvard Operating Master Leased Premises.

The Arbor Terrace Peachtree City Operating Master Lease

The mortgaged real property identified on Exhibit A-1 to this information circular as "Arbor Terrace Peachtree City," representing 5.4% of the initial mortgage pool balance, is being operated pursuant to a master lease agreement, dated as of December 27, 2013, (as the same may be amended, modified or supplemented, the "Arbor Operating Master Lease") between the borrower ("Arbor Operating Master Lessor") and CSH Peachtree Lessee, LLC (the "Arbor Operating Master Lessee"). The Arbor Operating Master Lease represents a lease of the Arbor Operating Master Lessor's fee interest in the land, buildings and all fixtures, machinery, equipment, furniture and other personal property located in the buildings on the date of the Arbor Operating Master Lease, including any and all replacements thereof and any replacements thereto (the "Arbor Operating Master Leased Premises"). The Arbor Operating Master Lease is subject and subordinate to the related mortgage loans.

Term

The term of the Arbor Operating Master Lease commenced on December 27, 2013 and is scheduled to expire on January 1, 2021, unless otherwise terminated pursuant to the terms of the Arbor Operating Master Lease.

Monthly Rent Payment

The annual base rent due under the Arbor Operating Master Lease (the "Arbor Operating Master Lease Rent") is payable in advance in consecutive monthly installments on the first day of each month. The monthly rent due is equal to approximately \$158,084.67, and increases annually pursuant to the Arbor Operating Master Lease. The Arbor Operating Master Lessee is also required to pay percentage rent equal to a certain percentage of gross revenue, such amount to be calculated as (i) 40% of the amount of gross revenues, if any, during a fiscal year in which gross revenues are between \$5,520,000 and \$6,520,000 for such fiscal year; (ii) 55% of the amount of gross revenues, if any, during a fiscal year in which gross revenues are between \$6,520,000 and \$7,520,000 for such fiscal year; or (iii) 70% of the amount of gross revenues during a fiscal year in which gross revenues are in excess of \$7,520,000 for such fiscal year. In addition, the Arbor Operating Master Lessee is required to pay all charges and expenses relating to the Arbor Operating Master Leased Premises from and after the Arbor Operating Master Lease commencement date, including, without limitation, all taxes, costs, utilities and business expenses.

In the event that the Arbor Operating Master Lessee fails to pay or discharge any monetary obligations, Arbor Operating Master Lessor has all legal, equitable and contractual rights, powers and remedies provided in the Arbor Operating Master Lease or by statute or otherwise.

Assignment and Subletting

The Arbor Operating Master Lessee is prohibited from transferring or subleasing the Arbor Operating Master Lease without Arbor Operating Master Lessor's prior written consent, which consent may be withheld in the Arbor

Operating Master Lessor's sole discretion. Upon an assignment or sublease of the Arbor Operating Master Lease, the Arbor Operating Master Lessee and its sublessee or assignee will be jointly and severally liable for payment of the Arbor Operating Master Lease Rent and for compliance with all of the Arbor Operating Master Lessee's duties and covenants under the Arbor Operating Master Lease. The Arbor Operating Master Lessor is permitted to transfer, assign, mortgage or otherwise dispose of Arbor Operating Master Lessor's interest in the Arbor Operating Master Lease or the Arbor Operating Master Leased Premises.

The Parkview In Frisco Operating Master Lease

The mortgaged real property identified on Exhibit A-1 to this information circular as "Parkview In Frisco," representing 5.2% of the initial mortgage pool balance, is being operated pursuant to a master lease agreement, dated as of February 5, 2014, (as the same may be amended, modified or supplemented, the "Parkview Operating Master Lease") between the borrower ("Parkview Operating Master Lessor") and Watermark Parkview, LLC (the "Parkview Operating Master Lessee"). The Parkview Operating Master Lease represents a lease of the Parkview Operating Master Lessor's fee interest in the land, buildings and all fixtures, machinery, equipment, furniture and other personal property located in the buildings on the date of the Parkview Operating Master Lease, including any and all replacements thereof and any replacements thereto (the "Parkview Operating Master Leased Premises"). The Parkview Operating Master Lease is subject and subordinate to the related mortgage loans.

Term

The term of the Parkview Operating Master Lease commenced on February 5, 2014 and is scheduled to expire on February 28, 2021, subject to three one-year renewal options and unless otherwise terminated pursuant to the terms of the Parkview Operating Master Lease.

Monthly Rent Payment

The annual base rent due under the Parkview Operating Master Lease (the "Parkview Operating Master Lease Rent") is payable in advance in consecutive monthly installments on the first day of each month. The monthly rent due is equal to approximately \$165,535.17, and increases annually pursuant to the Parkview Operating Master Lease. In addition, the Parkview Operating Master Lessee is required to pay all charges and expenses relating to the Parkview Operating Master Leased Premises from and after the Parkview Operating Master Lease commencement date, including, without limitation, all taxes, costs, utilities and business expenses.

In the event that the Parkview Operating Master Lessee fails to pay or discharge any monetary obligations, Parkview Operating Master Lessor has all legal, equitable and contractual rights, powers and remedies provided in the Parkview Operating Master Lease or by statute or otherwise.

Assignment and Subletting

The Parkview Operating Master Lessee is prohibited from transferring or subleasing the Parkview Operating Master Lease without Parkview Operating Master Lessor's prior written consent, which consent may be withheld in the Parkview Operating Master Lessor's sole discretion. Upon an assignment or sublease of the Parkview Operating Master Lease, the Parkview Operating Master Lessee and its sublessee or assignee will be jointly and severally liable for payment of the Parkview Operating Master Lease Rent and for compliance with all of the Parkview Operating Master Lessee's duties and covenants under the Parkview Operating Master Lease. The Parkview Operating Master Lessor is permitted to transfer, assign, mortgage or otherwise dispose of Parkview Operating Master Lessor's interest in the Parkview Operating Master Lease or the Parkview Operating Master Leased Premises.

Certain Terms and Conditions of the Underlying Mortgage Loans

Due Dates. Subject, in some cases, to a next business day convention, monthly installments of principal and/or interest will be due on the first of the month with respect to each of the underlying mortgage loans.

Mortgage Interest Rates; Calculations of Interest. Each of the underlying mortgage loans bears interest at a mortgage interest rate that, in the absence of default is a floating rate based upon LIBOR plus a margin.

On each LIBOR Determination Date, LIBOR on each underlying mortgage loan will be determined for the related Interest Accrual Period, and the mortgage interest rate for such underlying mortgage loan will be reset as of the beginning of such Interest Accrual Period to LIBOR determined on such LIBOR Determination Date plus the specified margin applicable to such underlying mortgage loan, subject to rounding as set forth in the related underlying mortgage loan documents. None of the underlying mortgage loans is subject to any mortgage capped interest rate. The applicable borrowers under fifteen (15) underlying mortgage loans, collectively representing 86.1% of the initial mortgage pool balance, purchased interest rate cap agreements from third-party sellers. With respect to two (2) of the underlying mortgage loans, secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “Horizon Bay At Hyde Park” and “Arbor Terrace At Crabapple,” collectively representing 13.9% of the initial mortgage pool balance, the mortgaged real properties do not have an interest rate cap agreement. Certain information about the interest rate cap providers and the interest rate caps is provided in the table below.

Rate Cap Provider	Number of Loans	Percent of Mortgage Pool Balance	Long-term Senior Unsecured Debt Rating		
			Moody's	S&P	Fitch
Barclays Bank PLC.....	4	44.3%	A2	A	A
Commonwealth Bank of Australia	3	16.2	Aa2	AA-	AA-
The Bank of New York Mellon.....	6	14.1	Aa2	AA-	AA-
Wells Fargo Bank, National Association	1	9.8	Aa3	AA-	AA-
Royal Bank of Canada	1	1.7	Aa3	AA-	AA
Total.....	15	86.1%			

The interest rate cap agreements require the applicable interest rate cap provider to pay the applicable borrower an amount equal to the difference between LIBOR and a specified interest rate, multiplied by a notional amount at least equal to the principal balance of the related underlying mortgage loan. The borrowers’ rights under the interest rate cap agreements have been collaterally assigned to secure the related underlying mortgage loans. The terms of these interest rate cap agreements expire on or prior to the maturity date of the related underlying mortgage loans, but the related loan documents obligate the applicable borrower to obtain a new interest rate cap agreement (if applicable).

“LIBOR” means, for any Interest Accrual Period, the IBA’s one (1) month London interbank offered rate for United States Dollar deposits, as displayed on the LIBOR Index Page, as determined on the related LIBOR Determination Date. LIBOR will be 0.1505% for the Interest Accrual Period relating to (i) the first due date after the Cut-off Date for the underlying mortgage loans and (ii) the first distribution date for the series 2014-KS02 principal balance certificates.

“LIBOR Determination Date” means, with respect to any Interest Accrual Period and (i) any underlying mortgage loan, the first day preceding the beginning of such Interest Accrual Period for which LIBOR has been released by the IBA or (ii) any principal balance certificate, the date on which LIBOR for the underlying mortgage loans was determined in the month preceding the month in which the applicable Interest Accrual Period for the certificates commenced.

“LIBOR Index Page” means the Bloomberg L.P. page “BBAM”, or such other page for LIBOR as may replace page BBAM on that service, or at the option of the Calculation Agent (i) the applicable page for LIBOR on another service which electronically transmits or displays IBA LIBOR rates, or (ii) any publication of LIBOR rates available from the IBA. In the event the IBA ceases to set or publish a rate for LIBOR, the Calculation Agent will designate an alternative index, and such alternative index will constitute the LIBOR Index Page.

“Calculation Agent” means, for so long as any of the certificates remain outstanding, an agent appointed to calculate LIBOR in respect of each Interest Accrual Period. The Certificate Administrator will be the initial Calculation Agent for purposes of determining LIBOR for each Interest Accrual Period.

None of the underlying mortgage loans provides for negative amortization or for the deferral of interest.

All of the underlying mortgage loans accrue interest on an Actual/360 Basis.

Term to Maturity. One (1) of the underlying mortgage loans, representing 10.0% of the initial mortgage pool balance, has an initial term to maturity of sixty (60) months. Fourteen (14) of the underlying mortgage loans, collectively representing 65.1% of the initial mortgage pool balance, have initial terms to maturity of eighty-four (84) months. Two (2) of the underlying mortgage loans, collectively representing 24.9% of the initial mortgage pool balance, have initial terms to maturity of one-hundred-twenty (120) months.

Balloon Loans. All of the underlying mortgage loans are characterized by—

- either (a) an amortization schedule that is significantly longer than the actual term of the subject mortgage loan or (b) no amortization prior to the stated maturity of the subject mortgage loan, and
- a substantial payment of principal on its stated maturity date.

Additional Amortization Considerations. Three (3) of the underlying mortgage loans, collectively representing 13.7% of the initial mortgage pool balance, provide for an initial interest-only period of twelve (12) months.

Three (3) of the underlying mortgage loans, collectively representing 19.9% of the initial mortgage pool balance, provide for an initial interest-only period of thirty-six (36) months.

One (1) of the underlying mortgage loans, representing 5.4% of the initial mortgage pool balance, provides for an initial interest-only period of thirty-nine (39) months.

One (1) of the underlying mortgage loans, representing 4.8% of the initial mortgage pool balance, provides for an interest-only period that extends to maturity.

Prepayment Provisions. As of origination, all of the underlying mortgage loans provided for certain restrictions and/or requirements with respect to prepayments during some portion of their respective loan terms. The relevant restrictions and requirements will generally consist of the following:

- Eleven (11) of the underlying mortgage loans, collectively representing 78.4% of the initial mortgage pool balance, provide for –
 1. a prepayment lockout period, during which voluntary principal prepayments are prohibited, followed by;
 2. a prepayment consideration period during which voluntary principal prepayments must be accompanied by a Static Prepayment Premium, followed by;
 3. an open prepayment period prior to maturity during which voluntary principal prepayments may be made without payment of any prepayment consideration.
- Six (6) of the underlying mortgage loans, collectively representing 21.6% of the initial mortgage pool balance, provide for –
 1. one or more prepayment consideration periods during which voluntary principal prepayments must be accompanied by an applicable Static Prepayment Premium, followed by;
 2. an open prepayment period prior to maturity during which voluntary principal prepayments may be made without payment of any prepayment consideration.

The open prepayment period for any underlying mortgage loan will generally begin three (3) months prior to the month in which the underlying mortgage loan matures. In addition, with respect to all of the underlying mortgage loans, no Static Prepayment Premium is required in connection with the prepayment of the entire outstanding principal balance of each related underlying mortgage loan from the proceeds of a fixed-rate mortgage loan that is subject to a binding purchase commitment between Freddie Mac and a Freddie Mac-approved “Program Plus” seller/servicer and (i) with respect to twelve (12) underlying mortgage loans, collectively representing 72.1%

of the initial mortgage pool balance, such prepayment occurs on or after the twelfth (12th) payment date, (ii) with respect to three (3) underlying mortgage loans, collectively representing 17.1% of the initial mortgage pool balance, such prepayment occurs on or after the thirty-sixth (36th) payment date or (iii) with respect to two (2) related underlying mortgage loans, collectively representing 10.8% of the initial mortgage pool balance, such prepayment occurs on or after the sixtieth (60th) payment date, as applicable, in each case following origination of the related underlying mortgage loan.

The prepayment terms of the underlying mortgage loans are more particularly described in Exhibit A-1 to this information circular.

Unless an underlying mortgage loan is relatively near its stated maturity date or unless the sale price or the amount of the refinancing of the related mortgaged real property is considerably higher than the current outstanding principal balance of that underlying mortgage loan due to an increase in the value of the mortgaged real property or otherwise, the prepayment consideration may, even in a relatively low interest rate environment, offset entirely or render insignificant any economic benefit to be received by the borrower upon a refinancing or sale of the mortgaged real property. The prepayment consideration provision is intended to create an economic disincentive for the borrower to prepay an underlying mortgage loan voluntarily.

However, we cannot assure you that the imposition of a Static Prepayment Premium will provide a sufficient disincentive to prevent a voluntary principal prepayment. Furthermore, certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of an underlying mortgage loan.

We do not make any representation as to the enforceability of the provision of any underlying mortgage loan requiring the payment of a Static Prepayment Premium, or of the collectability of any Static Prepayment Premium and the Freddie Mac Guarantee excludes the payment of Static Prepayment Premiums.

Changes in Resident Acuity Mix. The borrowers under some of the underlying mortgage loans are generally permitted to increase the number of units set aside as assisted living units or independent living units at the mortgaged real property by up to 10% of the total number of units at such mortgaged real property as of the origination date. Changes in the relative percentage of assisted living units and independent living units at a mortgaged real property may affect the operating income at that mortgaged real property.

With respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 of this information circular as “The Hallmark At Battery Park,” representing 12.1% of the initial mortgage pool balance, all two hundred seventeen (217) of the units at the related mortgaged real property are residences for independent senior living. The underlying mortgage loan documents permit the borrower to convert (i) up to seventy (70) independent living units to assisted living needs units and (ii) up to thirty-six (36) independent living units to Alzheimer’s and memory care needs units. We cannot assure you that any licensing requirements or reliance upon Medicaid revenues, Medicare revenues or other revenues related to services provided at the mortgaged real property will not adversely impact operations at or the value of the mortgaged real property or that any such licenses or permits will be renewed or kept in place.

In addition, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 of this information circular as “Horizon Bay At Hyde Park,” representing 9.1% of the initial mortgage pool balance, all of the units at the related mortgaged real property are residences for senior living. Based on the December 31, 2013 rent roll, forty-four (44) units are dedicated to independent living and ninety (90) units are dedicated to assisted living needs. The underlying mortgage loan documents permit the borrower to adjust the acuity mix at the mortgaged real property by up to twenty-six (26) units until November 30, 2014. Six months prior to the maturity date of the underlying mortgage loan, the borrower is permitted to convert all units at the mortgaged real property so long as current annualized net income is equal to or greater than 115% of the annualized net income at loan commitment of \$3,449,443. We cannot assure you that any licensing requirements or reliance upon Medicaid revenues, Medicare revenues or other revenues related to services provided at the mortgaged real property will not adversely impact operations at or the value of the mortgaged real property or that any such licenses or permits will be renewed or kept in place.

In addition, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 of this information circular as “Arbor Terrace Peachtree City,” representing 5.4% of the initial mortgage pool balance, all of the units at the related mortgaged real property are residences for senior living. One hundred twelve (112) units are dedicated to independent living and thirty-three (33) units are dedicated to assisted living needs. The underlying mortgage loan documents permit the borrower to convert up to seventeen (17) independent living units to fourteen (14) Alzheimer’s and memory care needs units. We cannot assure you that any licensing requirements or reliance upon Medicaid revenues, Medicare revenues or other revenues related to services provided at the mortgaged real property will not adversely impact operations at or the value of the mortgaged real property or that any such licenses or permits will be renewed or kept in place.

Casualty and Condemnation. In the event of a condemnation or casualty at the mortgaged real property securing any of the underlying mortgage loans, the borrower will generally be required to restore that mortgaged real property. However, the lender may under certain circumstances apply the condemnation award or insurance proceeds to the repayment of debt, which will not require payment of any prepayment premium.

Escrow and Reserve Accounts. Most of the underlying mortgage loans provide for the establishment of escrow and/or reserve accounts for the purpose of holding amounts required to be on deposit as reserves for—

- taxes and insurance;
- capital improvements; and/or
- various other purposes.

As of the date of initial issuance of the offered certificates, these accounts will be under the sole control of the master servicer or an approved sub-servicer. Most of the underlying mortgage loans that provide for such accounts require that the accounts be funded out of monthly escrow and/or reserve payments by the related borrower.

Tax Escrows. In the case of all of the underlying mortgage loans, escrows were funded or will be funded for taxes. The related borrower is generally required to deposit on a monthly basis an amount equal to one-twelfth of the annual real estate taxes and assessments. If an escrow was funded, the funds will be applied by the master servicer to pay for taxes and assessments at the related mortgaged real property.

In some cases, no tax escrow was funded because the mortgage loan seller did not deem it necessary.

Insurance Escrows. In the case of five (5) of the underlying mortgage loans, collectively representing 15.2% of the initial mortgage pool balance, escrows were funded or will be funded for insurance premiums. The related borrower is generally required to deposit on a monthly basis an amount equal to one-twelfth of the annual premiums payable on insurance policies that the borrower is required to maintain. If an escrow was funded, the funds will be applied by the master servicer to pay for insurance premiums at the related mortgaged real property.

Under some of the other underlying mortgage loans, the insurance carried by the related borrower is in the form of a blanket policy. In these cases, the amount of the escrow is an estimate of the proportional share of the premium allocable to the mortgaged real property, or the borrower pays the premium directly. See “—Hazard, Liability and Other Insurance” below.

In still other cases, no insurance escrow was funded because the mortgage loan seller did not deem it necessary for various reasons.

Recurring Replacement Reserves. The column titled “Replacement Reserve (Monthly)” on Exhibit A-1 to this information circular shows for each applicable underlying mortgage loan the reserve deposits that the related borrower has been or is required to make into a separate account for capital replacements and repairs.

In the case of some of the mortgaged real properties that secure an underlying mortgage loan, those reserve deposits are initial amounts and may vary over time. In these cases, the related mortgage instrument and/or other related loan documents may provide for applicable reserve deposits to cease upon achieving predetermined maximum amounts in the related reserve account. Under some of the underlying mortgage loans, the related

borrowers may be permitted to deliver letters of credit from third parties in lieu of establishing and funding the reserve accounts or may substitute letters of credit and obtain release of established reserve accounts.

Engineering Reserves. The column titled “Engineering Escrow/Deferred Maintenance” on Exhibit A-1 to this information circular shows the engineering reserves established at the origination of the corresponding underlying mortgage loans for deferred maintenance items that are generally required to be corrected within twelve (12) months from origination. In a significant number of those cases, the engineering reserve for a mortgaged real property is less than the cost estimate in the related inspection report because—

- the mortgage loan seller may not have considered various items identified in the related inspection report significant enough to require a reserve; and/or
- various items identified in the related inspection report may have been corrected.

In the case of some of the mortgaged real properties securing the underlying mortgage loans, the engineering reserve was a significant amount and substantially in excess of the cost estimate set forth in the related inspection report because the mortgage loan seller required the borrower to establish reserves for the completion of major work that had been commenced. In the case of some mortgaged real properties acquired with the proceeds of the related underlying mortgage loan, the related borrower escrowed an amount substantially in excess of the cost estimate set forth in the related inspection report because it contemplated completing repairs in addition to those shown in the related inspection report. Not all engineering reserves are required to be replenished. We cannot provide any assurance that the work for which reserves were required will be completed in a timely manner or that the reserved amounts will be sufficient to cover the entire cost of the required work.

Release of Property Through Prepayment.

Prepayment. Six (6) of the underlying mortgage loans, collectively representing 21.6% of the initial mortgage pool balance, permit the related borrower to obtain the release of all of the real property securing the underlying mortgage loan upon the prepayment of such underlying mortgage loan in full, together with the payment of a Static Prepayment Premium as described in “—Prepayment Provisions” above, without any lockout period.

Due-on-Sale and Due-on-Encumbrance Provisions. All of the underlying mortgage loans contain both a due-on-sale clause and a due-on-encumbrance clause. In general, except for the requested transfers discussed in the next paragraph and subject to the discussion under “—Permitted Additional Debt” below, these clauses either—

- permit the holder of the related mortgage instrument to accelerate the maturity of the subject underlying mortgage loan if the borrower sells or otherwise transfers an interest in the corresponding mortgaged real property, related borrower or controlling entity or encumbers the corresponding mortgaged real property without the consent of the holder of the mortgage, unless such sale, transfer or encumbrance is permitted by the loan documents; or
- unless permitted by the loan documents, prohibit the borrower from otherwise selling, transferring or encumbering the corresponding mortgaged real property without the consent of the holder of the mortgage.

All of the underlying mortgage loans permit one or more of the following types of transfers:

- transfer of the mortgaged real property if specified conditions are satisfied, without any adjustment to the interest rate or to any other economic terms of an underlying mortgage loan, which conditions typically include, among other things—
 1. the transferee meets lender’s eligibility, credit, management and other standards satisfactory to lender in its sole discretion;
 2. the transferee’s organization, credit and experience in the management of similar properties are deemed by the lender, in its discretion, to be appropriate to the overall structure and documentation of the existing financing;

3. the corresponding mortgaged real property will be managed by a property manager meeting the requirements set forth in the loan documents; and
 4. the corresponding mortgaged real property, at the time of the proposed transfer, meets all standards as to its physical condition, occupancy, net operating income and the collection of reserves satisfactory to lender in its sole discretion.
- a transfer that occurs by devise, descent, or by operation of law upon the death of a natural person to one or more members of the immediate family of such natural person or to a trust or family conservatorship established for the benefit of such immediate family member or members, if specified conditions are satisfied, which conditions typically include, among other things—
 1. the property manager (or a replacement property manager approved by lender), if applicable, continues to be responsible for the management of the corresponding mortgaged real property, and such transfer may not result in a change in the day-to-day operations of the corresponding mortgaged real property; and
 2. those persons responsible for the management and control of the applicable borrower remain unchanged as a result of such transfer, or any replacement management is approved by lender;
 - any transfer of an interest in an applicable borrower or any interest in a controlling entity, such as the transfers set forth below:
 1. a sale or transfer to one or more of the transferor's immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild);
 2. a sale or transfer to any trust having as its sole beneficiaries the transferor and/or one or more of the transferor's immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild);
 3. a sale or transfer from a trust to any one or more of its beneficiaries who are immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild) of the transferor;
 4. the substitution or replacement of the trustee of any trust with a trustee who is an immediate family member (a spouse, parent, child, stepchild, grandchild or step-grandchild) of the transferor;
 5. a sale or transfer to an entity owned and controlled by the transferor or the transferor's immediate family members (a spouse, parent, child, stepchild, grandchild or step-grandchild); or
 6. a transfer of non-controlling ownership interests in the related borrower;

if, in each case, specified conditions are satisfied, which conditions typically include, among other things, a specified entity or person retains control of the applicable borrower and manages the day-to-day operations of the corresponding mortgaged real property.

We make no representation as to the enforceability of any due-on-sale or due-on-encumbrance provision in any underlying mortgage loan.

Permitted Additional Debt.

General. Other than as described below, the underlying mortgage loans generally prohibit borrowers from incurring, without lender consent, any additional debt secured or unsecured, direct or contingent other than (i) permitted supplemental mortgages and (ii) customary unsecured trade payables incurred in the ordinary course of owning and operating the corresponding mortgaged real property that do not exceed, in the aggregate, at any time a maximum amount of up to 5.0% of the original principal amount of the corresponding mortgage loan and are paid within sixty (60) days of the date incurred.

Permitted Subordinated Mortgage Debt. The borrowers under all of the underlying mortgage loans are permitted to incur an additional limited amount of indebtedness secured by the related mortgaged real properties beginning twelve (12) months after the origination date of each related underlying mortgage loan. It is a condition to the incurrence of any future secured subordinate indebtedness on these mortgage loans that, among other things: (i) the total loan-to-value ratio of these loans be below, and the debt service coverage ratio be above, certain thresholds set out in the related loan documents and (ii) subordination agreements and intercreditor agreements be put in place between the issuing entity and the related lenders. In the event a borrower satisfies these conditions, the borrower will be permitted to obtain secured subordinate debt from certain approved lenders who will make such subordinate financing exclusively for purchase by Freddie Mac.

The loan documents require that any such subordinate debt be governed by an intercreditor agreement which will, in general, govern the respective rights of the holder of the subordinate indebtedness and the issuing entity as the holder of the related senior mortgage loan. The following paragraphs describe certain provisions that will be included in the intercreditor agreements, but they do not purport to be complete and are subject, and qualified in their entirety by reference to the actual provisions of each intercreditor agreement. The issuing entity as the holder of the senior mortgage loan is referred to in these paragraphs as the “Senior Lender” and the related mortgage loan included in the issuing entity is referred to as the “Senior Loan”. The holder of the subordinate indebtedness is referred to in these paragraphs as the “Junior Lender” and the related subordinate indebtedness is referred to as the “Junior Loan”.

Allocations of Payments. The right of the Junior Lender to receive payments of interest, principal and other amounts will be subordinated to the rights of the Senior Lender. Generally, as long as no event of default has occurred under the Senior Loan or the Junior Loan, the related borrower will make separate payments of principal and interest to the Junior Lender and the Senior Lender, respectively. If an event of default occurs with respect to the Senior Loan or the Junior Loan, or the related borrower becomes a subject of any bankruptcy, insolvency or reorganization proceeding, then, prior to any application of payments to the Junior Loan, all amounts tendered by the related borrower or otherwise available for payment will be applied (with any payments received by the Junior Lender during this time to be forwarded to the Senior Lender), net of certain amounts, to satisfy the interest (other than default interest), principal and other amounts owed with respect to the related Senior Loan until these amounts are paid in full.

Modifications. The Senior Lender will be permitted to enter into any amendment, deferral, extension, modification, increase, renewal, replacement, consolidation, supplement or waiver of any term or provision of any Senior Loan without the consent of the Junior Lender unless such modification will (i) increase the interest rate or principal amount of the Senior Loan, (ii) increase in any other material respect any monetary obligations of related borrower under the Senior Loan, (iii) extend or shorten the scheduled maturity date of the Senior Loan (other than pursuant to extension options exercised in accordance with the terms and provisions of the related loan documents), (iv) convert or exchange the Senior Loan into or for any other indebtedness or subordinate any of the Senior Loan to any indebtedness of related borrower, (v) amend or modify the provisions limiting transfers of interests in the related borrower or the related mortgaged real property, (vi) modify or amend the terms and provisions of the Senior Loan cash management agreement with respect to the manner, timing and method of the application of payments under the related loan documents, (vii) cross-default the Senior Loan with any other indebtedness, (viii) consent to a higher strike price with respect to any new or extended interest rate cap agreement entered into in connection with the extended term of the Senior Loan, (ix) obtain any contingent interest, additional interest or so-called “kicker” measured on the basis of the cash flow or appreciation of the mortgaged real property (or other similar equity participation), or (x) extend the period during which voluntary prepayments are prohibited or during which prepayments require the payment of a Static Prepayment Premium or increase the amount of any such Static Prepayment Premium. However, in no event will Senior Lender be obligated to obtain Junior Lender’s consent in the case of a work-out or other surrender, compromise, release, renewal, or modification of the Senior Loan during the existence of a continuing Senior Loan event of default, except that under all conditions Senior Lender will obtain Junior Lender’s consent to a modification with respect to clause (i) (with respect to increasing the principal amount of the Senior Loan only) and clause (x) of this paragraph.

The Junior Lender will be permitted to enter into any amendment, deferral, extension, modification, increase, renewal, replacement, consolidation, supplement or waiver of any term or provision of any Junior Loan without the consent of the Senior Lender unless such modification will (i) increase the interest rate or principal amount of the

Junior Loan, (ii) increase in any other material respect any monetary obligations of related borrower under the related loan documents with respect to the Junior Loan, (iii) extend or shorten the scheduled maturity date of the Junior Loan (other than pursuant to extension options exercised in accordance with the terms and provisions of the related loan documents), (iv) convert or exchange the Junior Loan into or for any other indebtedness or subordinate any of the Junior Loan to any indebtedness of the related borrower, (v) amend or modify the provisions limiting transfers of interests in the related borrower or the related mortgaged real property, (vi) consent to a higher strike price with respect to any new or extended interest rate cap agreement entered into in connection with the extended term of the Junior Loan, (vii) cross-default the Junior Loan with any other indebtedness, (viii) obtain any contingent interest, additional interest or so-called “kicker” measured on the basis of the cash flow or appreciation of the related mortgaged real property (or other similar equity participation) or (ix) extend the period during which voluntary prepayments are prohibited or during which prepayments require the payment of a Static Prepayment Premium or increase the amount of any such Static Prepayment Premium. However, in no event will Junior Lender be obligated to obtain Senior Lender’s consent to a modification or amendment in the case of a work-out or other surrender, compromise, release, renewal, or modification of the Junior Loan if an event of default has occurred and is continuing with respect to the Junior Loan, except that under all conditions Junior Lender will be required to obtain Senior Lender’s consent to a modification with respect to clause (i) (with respect to increasing the principal amount of the Junior Loan only), clause (ii), clause (iii) (with respect to shortening the scheduled maturity date of the Junior Loan only), clause (iv), clause (viii) and clause (ix) of this paragraph.

Cure. Upon the occurrence of any default that would permit the Senior Lender under the related loan documents to commence an enforcement action, the Junior Lender will also have the right to receive notice from the Senior Lender of the default and the right to cure that default after or prior to the expiration of the related borrower’s cure period or in some cases for a period extending beyond the related borrower’s cure period. The Junior Lender generally will have a specified period of time, set forth in the related intercreditor agreement, to cure any default, depending on whether the default is monetary or non-monetary. The Junior Lender is prohibited from curing monetary defaults for longer than four consecutive months. Before the lapse of such cure period, neither the master servicer nor the special servicer may foreclose on the related mortgaged real property or exercise any other remedies with respect to the mortgaged real property.

Purchase Option. If the Senior Loan becomes a Defaulted Loan (in accordance with the series 2014-KS02 pooling and servicing agreement), pursuant to the intercreditor agreement and the series 2014-KS02 pooling and servicing agreement, the Junior Lender and, if the Defaulted Loan is not an Affiliated Borrower Loan, the series 2014-KS02 directing certificateholder will have an option to purchase the Senior Loan at a purchase price equal to at least the Fair Value of such Senior Loan, and the Junior Lender will have the first right to purchase such Defaulted Loan at a purchase price (the “Purchase Price”) equal to the unpaid principal balance of such Senior Loan, plus (i) accrued and unpaid interest on such underlying mortgage loan (which would include unpaid master servicing fees and sub-servicing fees), (ii) related special servicing fees and, if applicable, liquidation fees payable to the special servicer (to the extent accrued and unpaid or previously paid by the issuing entity), (iii) all related unreimbursed Servicing Advances, (iv) all related Servicing Advances that were previously reimbursed from general collections on the mortgage pool, (v) all accrued and unpaid interest on related Servicing Advances and P&I Advances, (vi) all interest on related Servicing Advances and P&I Advances that was previously reimbursed from general collections on the mortgage pool and (vii) solely if such underlying mortgage loan is being purchased by the related borrower or an affiliate of such borrower, all default interest, late payment fees, extension fees and similar fees or charges incurred with respect to such underlying mortgage loan and all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the master servicer, the special servicer, the depositor, the custodian, the certificate administrator and the trustee in respect of such purchase, including, without duplication of any amounts described above in this definition, any expenses incurred prior to such purchase date with respect to such underlying mortgage loan. If the Defaulted Loan is an Affiliated Borrower Loan, the series 2014-KS02 directing certificateholder will only be able to purchase such Senior Loan at a cash price equal to the Purchase Price. See “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Purchase Option” in this information circular.

Cross-Collateralization and Cross-Default of Certain Underlying Mortgage Loans. The underlying mortgage loans secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as “Pine Ridge Of Garfield,” “Pine Ridge Of Plumbrook,” “Villas Of Shelby” and “Pine Ridge Of Hayes,” collectively representing 10.4% of the initial mortgage pool balance, and “Emeritus At Brea” and “Emeritus At Whittier,” collectively

representing 3.7% of the initial mortgage pool balance, are cross-collateralized and cross-defaulted with each other. Because certain states exact a mortgage recording or documentary stamp tax based on the principal amount of debt secured by a mortgage, the individual mortgages recorded with respect to certain of these crossed mortgage loans collateralized by properties in such states may secure an amount less than the total initial principal balance of those crossed mortgage loans. For the same reason, the mortgages recorded with respect to certain loans may secure only a multiple of the initial principal balance of the note applicable to the related mortgaged real property rather than the entire initial principal balance of those crossed mortgage loans. See “Risk Factors—Risks Related to the Underlying Mortgage Loans—Enforceability of Cross-Collateralization Provisions May Be Challenged and the Benefits of These Provisions May Otherwise Be Limited” in this information circular.

Hazard, Liability and Other Insurance. The loan documents for each of the underlying mortgage loans generally require the related borrower to maintain with respect to the corresponding mortgaged real property the following insurance coverage, subject to exceptions in some cases for tenant insurance:

- hazard insurance in an amount that is, subject to a customary deductible, equal to the full insurable replacement cost of the improvements located on the insured property;
- if any portion of the improvements of the subject property was in a special flood hazard area, flood insurance in an amount that is equal to the full insurable value of all improvements below grade and of the first two (2) floors of the portion of the improvements within the flood zone, but no less than the property insurance maximum provided by the National Flood Improvement Program, if such insurance is available;
- commercial general liability insurance, including contractual injury, bodily injury, broad form death, property damage, liability against any and all claims, including all legal liability to the extent insurable imposed upon the applicable borrower and all attorneys’ fees and costs, arising out of or connected with the possession, use, leasing, operation, maintenance or condition of the corresponding mortgaged real property with:
 - (i) a combined limit of not less than \$2,000,000 in the aggregate and \$1,000,000 per occurrence, plus
 - (ii) umbrella or excess liability coverage with minimum limits in the aggregate and per occurrence, of (a) \$1,000,000 for improvements with 1 to 3 stories, (b) \$3,000,000 for improvements with 4 to 10 stories, (c) \$5,000,000 for improvements with 11 to 20 stories and (d) \$10,000,000 for improvements with greater than 20 stories, plus
 - (iii) motor vehicle liability coverage for all owned, rented and leased vehicles containing minimum limits of \$1,000,000 per occurrence; and
- business interruption, including loss of rental value, insurance for the mortgaged real property in an amount equal to (i) not less than twelve (12) months’ estimated gross rents and based on gross rents for the immediately preceding year or (ii) in the case of a mortgaged real property consisting of five (5) or more stories or mortgage loans equal to or greater than \$50,000,000, a minimum of eighteen (18) months’ estimated gross rents attributable to the mortgaged real property and based on gross rents for the immediately preceding year and, in each case, otherwise sufficient to avoid any co-insurance penalty with, in the case of a majority of the underlying mortgage loans, a 30-day to 90-day extended period of indemnity.

In addition, with respect to any mortgaged real property that has assisted living, Alzheimer’s disease, memory care and/or skilled nursing units, the Guide requires that the related borrower maintain with respect to such mortgaged real property (i) professional liability insurance with a minimum limit of \$2,000,000 in the aggregate and \$1,000,000 per occurrence, plus (ii) umbrella or excess professional liability coverage with a minimum limit of (A) \$1,000,000 for properties with less than 100 beds, (B) \$5,000,000 for properties with 100 to 500 beds, (C) \$10,000,000 for properties with 501 to 1,000 beds and (D) \$25,000,000 for properties with more than 1,000 beds.

We cannot assure you regarding the extent to which the mortgaged real properties securing the underlying mortgage loans will be insured against earthquake risks. In the case of those properties located in seismic zones 3 and 4, a seismic assessment was made to assess the probable maximum loss for the property. Earthquake insurance

was not required with respect to the mortgaged real properties located in seismic zones 3 or 4 for which a probable maximum loss assessment was performed because the probable maximum loss for each of those mortgaged real properties is less than 20% of the amount of the replacement cost of the improvements.

With respect to each of the mortgaged real properties for the underlying mortgage loans, subject to the discussion below regarding insurance for acts of terrorism, the master servicer will be required to use reasonable efforts consistent with the Servicing Standard to cause each borrower to maintain, and, if the borrower does not so maintain, the master servicer will itself cause to be maintained, for each mortgaged real property (including each mortgaged real property relating to any Specially Serviced Mortgage Loan) all insurance coverage as is required, subject to applicable law, under the related loan documents or the Servicing Standard. The master servicer will not be required to require the borrower to obtain or maintain earthquake or flood insurance coverage that is not available at commercially reasonable rates, as determined by the master servicer in accordance with the Servicing Standard. If the related borrower fails to do so, the master servicer must maintain that insurance coverage, to the extent—

- the trustee has an insurable interest;
- the insurance coverage is available at commercially reasonable rates, as determined by the master servicer in accordance with the Servicing Standard; and
- any related Servicing Advance is deemed by the master servicer to be recoverable from collections on the related mortgage loan.

Notwithstanding the foregoing, the master servicer will not be required to call a default under an underlying mortgage loan if the related borrower fails to maintain insurance providing for coverage for property damage resulting from a terrorist or similar act, and the master servicer need not maintain (or require the borrower to obtain) such insurance, if the special servicer has determined (after due inquiry in accordance with the Servicing Standard and with the consent of the series 2014-KS02 directing certificateholder, which consent is subject to certain limitations and a specified time period as set forth in the series 2014-KS02 pooling and servicing agreement; *provided* that the special servicer will not follow any such direction, or refrain from acting based upon the lack of any such direction, of the series 2014-KS02 directing certificateholder, if following any such direction of the series 2014-KS02 directing certificateholder or refraining from taking such action based upon the lack of any such direction of the series 2014-KS02 directing certificateholder would violate the Servicing Standard), in accordance with the Servicing Standard, that either:

- such insurance is not available at commercially reasonable rates and such hazards are not at the time commonly insured against for properties similar to the related mortgaged real property and located in and around the region in which the mortgaged real property is located; or
- such insurance is not available at any rate.

We cannot assure you regarding the extent to which the mortgaged real properties securing the underlying mortgage loans will be insured against acts of terrorism.

If the related loan documents do not expressly require a particular type of insurance but permit the mortgagee to require such other insurance as is reasonable, the related borrower may challenge whether maintaining that type of insurance is reasonable in light of all the circumstances, including the cost. The master servicer's efforts to require such insurance may be further impeded if the originator did not require the subject borrower to maintain such insurance, regardless of the terms of the related loan documents.

Various forms of insurance maintained with respect to one or more of the mortgaged real properties securing the underlying mortgage loans, including casualty insurance, may be provided under a blanket insurance policy. That blanket insurance policy will also cover other real properties, some of which may not secure underlying mortgage loans. As a result of total limits under any of those blanket policies, losses at other properties covered by the blanket insurance policy may reduce the amount of insurance coverage with respect to a property securing one of the underlying mortgage loans.

The underlying mortgage loans generally provide that insurance and condemnation proceeds are to be applied either—

- to restore the related mortgaged real property (with any balance to be paid to the borrower); or
- towards payment of the underlying mortgage loan.

If any mortgaged real property is acquired by the issuing entity through foreclosure, deed-in-lieu of foreclosure or otherwise following a default on the related underlying mortgage loan, the special servicer will be required to maintain for that property insurance comparable to that required by the related loan documents or, at the special servicer's election and with the series 2014-KS02 directing certificateholder's consent (which consent is subject to certain limitations and a specified time period as set forth in the series 2014-KS02 pooling and servicing agreement), coverage satisfying insurance requirements consistent with the Servicing Standard, *provided* that such coverage is available at commercially reasonable rates. The special servicer, to the extent consistent with the Servicing Standard, may maintain earthquake insurance on REO Properties, provided that coverage is available at commercially reasonable rates and to the extent the trustee has an insurable interest.

Each of the master servicer and the special servicer may satisfy its obligations regarding maintenance of the hazard insurance policies referred to in this information circular by maintaining a lender placed insurance policy insuring against hazard losses on all of the underlying mortgage loans and/or REO Properties in the issuing entity for which it is responsible. Any lender placed insurance policy maintained by the master servicer or the special servicer may contain a deductible clause in an amount not in excess of customary amounts, in which case if (i) an insurance policy complying with the loan documents or, in the case of REO Properties, as permitted by the series 2014-KS02 pooling and servicing agreement, is not maintained on the related mortgaged real property or REO Property and (ii) there are losses which would have been covered by such insurance policy had it been maintained, the master servicer or the special servicer, as applicable, must deposit into the collection account from the master servicer's or the special servicer's, as applicable, own funds the portion of such loss or losses that would have been covered under such insurance policy but is not covered under the lender placed insurance policy because such deductible exceeds the deductible limitation required by the related loan documents or, in the case of REO Properties, as permitted by the series 2014-KS02 pooling and servicing agreement, or, in the absence of any such deductible limitation, the deductible limitation which is consistent with the Servicing Standard.

Mortgage Pool Characteristics

A detailed presentation of various characteristics of the underlying mortgage loans and of the corresponding mortgaged real properties, on an individual basis and in tabular format, is shown on Exhibit A-1 and Exhibit A-2 to this information circular. The statistics in the tables and schedules on Exhibit A-1 and Exhibit A-2 to this information circular were derived, in many cases, from information and operating statements furnished by or on behalf of the respective borrowers. The information and the operating statements were generally unaudited and have not been independently verified by us or Freddie Mac.

Additional Loan and Property Information

Borrower Structures. With respect to all of the underlying mortgage loans, the related borrowers are single purpose entities whose organizational documents or the terms of the underlying mortgage loans limit their activities to the ownership of only the related mortgaged real property or properties and, subject to exceptions, including relating to subordinate debt secured by the related mortgaged real properties, generally limit the borrowers' ability to incur additional indebtedness other than trade payables and equipment financing relating to the mortgaged real properties in the ordinary course of business.

With respect to the underlying mortgage loan secured by the mortgaged real properties identified on Exhibit A-1 to this information circular as "Pine Ridge Of Garfield," "Pine Ridge Of Plumbrook," "Villas Of Shelby" and "Pine Ridge Of Hayes," collectively representing 10.4% of the initial mortgage pool balance, no guarantees of the nonrecourse carveout provisions of the related loan documents were obtained.

See "Risk Factors—Risks Related to the Underlying Mortgage Loans—The Type of Borrower May Entail Risk" in this information circular for a further description of each of these borrower structures.

Delinquencies. None of the underlying mortgage loans was, as of May 1, 2014, thirty (30) days or more delinquent with respect to any monthly debt service payment.

Title, Survey and Similar Issues. In the case of certain mortgaged real properties securing the underlying mortgage loans, the permanent improvements on the subject property may encroach over an easement or a setback line or onto another property. In other instances, certain oil, gas or water estates may affect a property. Generally, in those cases, either (i) the related lender's title policy insures against loss if a court orders the removal of the improvements causing the encroachment or (ii) the respective title and/or survey issue was analyzed by the originating lender and determined not to materially affect the respective mortgaged real property for its intended use. There is no assurance, however, that any such analysis in this regard is correct, or that such determination was made in each and every case.

Underwriting Matters

General. Each underlying mortgage loan was generally originated by the applicable originator substantially in accordance with the standards in the Freddie Mac Act and the Guide, each as described in "Description of the Mortgage Loan Seller and Guarantor—Mortgage Loan Purchase and Servicing Standards of the Mortgage Loan Seller" in this information circular. In connection with the origination or acquisition of each of the underlying mortgage loans, the related originator or acquiror of the subject mortgage loan evaluated the corresponding mortgaged real property or properties in a manner generally consistent with the standards described in this "—Underwriting Matters" section.

The information provided by us in this information circular regarding the condition of the mortgaged real properties, any environmental conditions at the mortgaged real properties, valuations of or market information relating to the mortgaged real properties or legal compliance of the mortgaged real properties is based on reports described below under "—Environmental Assessments," "—Property Condition Assessments," "—Appraisals and Market Studies" and "—Zoning and Building Code Compliance," provided by certain third-party independent contractors, which reports have not been independently verified by—

- any of the parties to the series 2014-KS02 pooling and servicing agreement;
- the mortgage loan seller; or
- the affiliates of any of these parties.

The environmental assessments, property condition assessments and appraisals described in this section were generally performed in connection with the origination of the underlying mortgage loans between January 29, 2013 and February 5, 2014. Neither we nor the mortgage loan seller obtained updated environmental assessments or property condition assessments in connection with this securitization. However, with respect to certain of the underlying mortgage loans identified on Exhibit A-1 of this information circular, the mortgage loan seller obtained updated appraisals in connection with this securitization. We cannot assure you that the information in such environmental assessments, property condition reports and appraisals reflects the current condition of or estimate of the value of the mortgaged real properties.

Environmental Assessments. With respect to all of the mortgaged real properties securing the underlying mortgage loans, Phase I environmental site assessments were prepared in connection with the origination of the underlying mortgage loans. The environmental site assessments were prepared pursuant to the American Society for Testing and Materials standards for "Phase I" environmental assessments. In addition to the Phase I standards, many of the environmental reports included additional research, such as limited sampling for asbestos-containing material, lead-based paint and radon, depending upon the property use and/or age. Additionally, as needed pursuant to American Society for Testing and Materials standards, supplemental "Phase II" site sampling investigations were completed for some mortgaged real properties to evaluate further certain environmental issues. We cannot assure you that the environmental assessments or investigations, as applicable, identified all environmental conditions and risks at, or that any environmental conditions will not have a material adverse effect on the value of or cash flow from, one or more of the mortgaged real properties.

The series 2014-KS02 pooling and servicing agreement requires that the special servicer obtain an environmental site assessment of a mortgaged real property within 12 months prior to acquiring title to the property or assuming its operation. This requirement precludes enforcement of the security for the related mortgage loan until a satisfactory environmental site assessment is obtained or until any required remedial action is taken. We cannot assure you that the requirements of the series 2014-KS02 pooling and servicing agreement will effectively insulate the issuing entity from potential liability for a materially adverse environmental condition at any mortgaged real property.

Property Condition Assessments. With respect to all of the mortgaged real properties securing the underlying mortgage loans, in connection with the origination of such underlying mortgage loans, a third-party engineering firm inspected the property to assess exterior walls, roofing, interior construction, mechanical and electrical systems and general condition of the site, buildings and other improvements located at each of the mortgaged real properties.

The inspections identified various deferred maintenance items and necessary capital improvements at some of the mortgaged real properties. The resulting inspection reports generally included an estimate of cost for any recommended repairs or replacements at a mortgaged real property. When repairs or replacements were recommended and deemed material by the related originator, the related borrower was required to carry out necessary repairs or replacements and, in some instances, to establish reserves, generally in the amount of 100% to 125% of the cost estimated in the inspection report, to fund deferred maintenance or replacement items that the reports characterized as in need of prompt attention. See the columns titled “Engineering Escrow/Deferred Maintenance,” “Replacement Reserve (Initial)” and “Replacement Reserve (Monthly)” on Exhibit A-1 to this information circular. We cannot assure you that another inspector would not have discovered additional maintenance problems or risks, or arrived at different, and perhaps significantly different, judgments regarding the problems and risks disclosed by the respective inspection reports and the cost of corrective action.

Appraisals and Market Studies. An independent appraiser that is state-certified and/or a member of the Appraisal Institute conducted an appraisal during the 17-month period ending on May 1, 2014, in order to establish a going concern appraised value with respect to all of the mortgaged real properties securing the underlying mortgage loans. Those appraisals are the basis for the Appraised Values for the respective mortgaged real properties set forth on Exhibit A-1 to this information circular.

In general, appraisals seek to establish the amount a typically motivated buyer would pay a typically motivated seller. However, this amount could be significantly higher than the amount obtained from the sale of a particular mortgaged real property under a distress or liquidation sale. Implied in the Appraised Values shown on Exhibit A-1 to this information circular, is the contemplation of a sale at a specific date and the passing of ownership from seller to buyer under the following conditions:

- buyer and seller are motivated;
- both parties are well informed or well advised, and each is acting in what he considers his own best interests;
- a reasonable time is allowed to show the property in the open market;
- payment is made in terms of cash in U.S. dollars or in comparable financial arrangements; and
- the price paid for the property is not adjusted by special or creative financing or sales concessions granted by anyone associated with the sale.

Each appraisal of a mortgaged real property referred to above involved a physical inspection of the property and reflects a correlation of the values established through the Sales Comparison Approach, the Income Approach and/or the Cost Approach.

Either the appraisal upon which is based the Appraised Value for each mortgaged real property shown on Exhibit A-1 to this information circular, or a separate letter, contains a statement to the effect that the appraisal guidelines set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 were followed in preparing that appraisal. However, we have not independently verified the accuracy of this statement.

In the case of any underlying mortgage loan, the related borrower may have acquired the mortgaged real property at a price less than the appraised value on which the underlying mortgage loan was underwritten.

Zoning and Building Code Compliance. In connection with the origination of each underlying mortgage loan, the originator examined whether the use and operation of the related mortgaged real property were in material compliance with zoning, land-use, building, fire and health ordinances, rules, regulations and orders then-applicable to the mortgaged real property. Evidence of this compliance may have been in the form of certifications and other correspondence from government officials or agencies, title insurance endorsements, engineering, consulting or zoning reports, appraisals, legal opinions, surveys, recorded documents, temporary or permanent certificates of occupancy and/or representations by the related borrower. Where a material noncompliance was found or the property as currently operated is a permitted non-conforming use and/or structure, an analysis was generally conducted as to—

- whether, in the case of material noncompliance, such noncompliance constitutes a permitted non-conforming use and/or structure, and if not, whether an escrow or other requirement was appropriate to secure the taking of necessary steps to remediate any material noncompliance or constitute the condition as a permitted non-conforming use or structure;
- the likelihood that a material casualty would occur that would prevent the property from being rebuilt in its current form; and
- whether existing replacement cost hazard insurance or, if necessary, supplemental law or ordinance coverage would, in the event of a material casualty, be sufficient—
 1. to satisfy the entire subject mortgage loan; or
 2. taking into account the cost of repair, to pay down the subject mortgage loan to a level that the remaining collateral would be adequate security for the remaining loan amount.

We cannot assure you that any such analysis in this regard is correct, or that the above determinations were made in each and every case.

Significant Mortgage Loans

For summary information on the ten largest underlying mortgage loans or groups of cross-collateralized underlying mortgage loans, see Exhibit A-3 to this information circular.

Significant Originators

Berkadia Commercial Mortgage LLC. Berkadia Commercial Mortgage LLC, a Delaware limited liability company (“Berkadia”), originated six (6) of the underlying mortgage loans, collectively representing 47.8% of the initial mortgage pool balance. Berkadia is also expected to be the sub-servicer of certain of the underlying mortgage loans. Berkadia is, indirectly, wholly-owned by Leucadia National Corporation, BH Finance LLC and Berkshire Hathaway Inc.

Since the beginning of 2010, Berkadia has originated approximately \$11.1 billion in multifamily mortgage loans designated for subsequent sale to Freddie Mac for inclusion in securitization transactions similar to this transaction. Each of these loans is generally sold to Freddie Mac within 60 days of such loan’s origination. Berkadia’s current delinquency rate on the Berkadia originated Freddie Mac portfolio is 0.1881% (calculated by comparing the original principal balance of all defaulted loans to the total Berkadia originations for Freddie Mac of \$11.1 billion). Since 2010, Berkadia has originated approximately \$506.3 million in healthcare mortgage loans. With respect to multifamily mortgage loans that Berkadia originates for resale to Freddie Mac, unless otherwise noted to Freddie Mac with respect to any particular loan or loans, Berkadia originates such mortgage loans substantially in accordance with the standards in the Freddie Mac Act and the Guide as described in “Description of the Mortgage Loan Seller and Guarantor—Mortgage Loan Purchase and Servicing Standards of the Mortgage Loan Seller” in this information circular. The underwriting standards of Berkadia are consistent in all material respects with the standards and practices set forth in “—Underwriting Matters” in this information circular.

The information set forth in this section “Description of the Underlying Mortgage Loans—Significant Originators—Berkadia Commercial Mortgage LLC” has been provided by Berkadia. Neither the depositor nor any other person other than Berkadia makes any representation or warranty as to the accuracy or completeness of such information.

CBRE Capital Markets, Inc. CBRE Capital Markets, Inc., a Texas corporation (“**CBRECM**”), originated five (5) of the underlying mortgage loans, collectively representing 27.9% of the initial mortgage pool balance. CBRECM is also an affiliate of GEMSA Loan Services, L.P., which is expected to be the sub-servicer of certain of the underlying mortgage loans. Since 1998, CBRECM has originated approximately \$34.4 billion multifamily mortgage loans with Freddie Mac, of which approximately \$15.9 billion have been sold to Freddie Mac for securitization in transactions similar to this transaction. Since 2004, CBRECM has originated approximately \$2.6 billion in mortgage loans secured by assisted living and/or independent living facilities. With respect to multifamily mortgage loans that CBRECM originates for resale to Freddie Mac, CBRECM originates such mortgage loans substantially in accordance with the standards in the Freddie Mac Act and the Guide as described in “Description of the Mortgage Loan Seller and Guarantor—Mortgage Loan Purchase and Servicing Standards of the Mortgage Loan Seller” in this information circular.

Loans originated for purchase by Freddie Mac are underwritten to the standards of a prudent commercial real estate lender, with specific focus on complying with the standards and requirements of the Guide, and program requirements for the specific transaction and product type, and are approved and purchased by Freddie Mac prior to each securitization. CBRECM’s current Freddie Mac portfolio has a delinquency rate of less than 0.03%. The underwriting standards of CBRECM are consistent with the standards and practices set forth in “—Underwriting Matters” in this information circular. With respect to the description of “—Underwriting Matters—Appraisals and Market Studies” above, an independent appraiser that is state certified and/or a member of the Appraisal Institute conducts an appraisal of each mortgaged real property within ninety (90) days of the closing of the underlying mortgage loan, in order to establish an appraised value with respect to all of the mortgaged real properties securing the underlying mortgage loans.

The information set forth in this section “Description of the Underlying Mortgage Loans— Significant Originators—CBRE Capital Markets, Inc.” has been provided by CBRECM. Neither the depositor nor any other person other than CBRECM makes any representation or warranty as to the accuracy or completeness of such information.

Assignment of the Underlying Mortgage Loans

On or before the date of initial issuance of the offered certificates, the mortgage loan seller will transfer to us the underlying mortgage loans, and we will transfer to the trustee all of those underlying mortgage loans. The trustee will hold those underlying mortgage loans for the benefit of the certificateholders and Freddie Mac within the meaning of Section 1367(b)(19)(B) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended. In each case, the transferor will assign the subject mortgage loans, without recourse, to the transferee.

In connection with the foregoing transfers, at the closing or at such later date as is permitted under the series 2014-KS02 pooling and servicing agreement, the mortgage loan seller will generally be required to deliver or cause the delivery of the mortgage file to the custodian with respect to each of the underlying mortgage loans as to which it is identified as the mortgage loan seller on Exhibit A-1 to this information circular, which mortgage file will consist of the following documents, among others:

- either—
 1. the original promissory note, endorsed without recourse, representation or warranty (other than as set forth in the mortgage loan purchase agreement) to the order of the trustee or in blank, or
 2. if the original promissory note has been lost, a copy of that note, together with a lost note affidavit and indemnity;
- the original, certified copy or a copy of the mortgage instrument, and if the particular document has been returned from the applicable recording office, together with originals, certified copies or copies of any

intervening assignments of that document, in each case, with evidence of recording on the document or certified by the applicable recording office;

- an original of any related loan agreement (if separate from the related mortgage);
- an executed original assignment of the related mortgage instrument in favor of the trustee or in blank, in recordable form except for any missing recording information relating to that mortgage instrument;
- originals or copies of all written assumption agreements, modification agreements, written assurance agreements and substitution agreements, if any, in those instances where the terms or provisions of the related mortgage instrument, loan agreement or promissory note have been modified or the underlying mortgage loan has been assumed;
- with respect to any other debt of a borrower permitted under the related underlying mortgage loan, an original or copy of a subordination agreement, standstill agreement or other intercreditor, co-lender or similar agreement relating to such other debt, if any, including any preferred equity documents, and a copy of the promissory note relating to such other debt (if such other debt is also secured by the related mortgage);
- original letters of credit, if any, relating to the underlying mortgage loans and all appropriate assignment or amendment documentation related to the assignment to the issuing entity of any letter of credit securing the underlying mortgage loan which entitle the issuing entity to draw on such letter of credit; *provided* that in connection with the delivery of the mortgage file to the issuing entity, such originals will be delivered to the master servicer and copies of such originals will be delivered to the custodian on behalf of the trustee;
- the original or a copy of any environmental indemnity agreements and copies of any environmental insurance policies pertaining to the mortgaged real properties required in connection with the origination of the underlying mortgage loan, if any;
- if any, the original or a copy of a subordination agreement, standstill agreement or other intercreditor, co-lender or similar agreement related to any affiliate debt and the original or copy of any indemnification agreement;
- an original or copy of the lender's title insurance policy or, if a title insurance policy has not yet been issued, a *pro forma* title policy or a "marked up" commitment for title insurance, which in either case is binding on the title insurance company;
- the original or a counterpart of any guaranty of the obligations of the borrower under the underlying mortgage loan, if any;
- an original or counterpart UCC financing statement and an original or counterpart of any intervening assignments from the originator to the mortgage loan seller, in the form submitted for recording, or if recorded, with evidence of recording indicated on such UCC financing statement or intervening assignment;
- original UCC financing statement assignments, sufficient to assign each UCC financing statement filed in connection with the related underlying mortgage loan to the trustee;
- the original or a copy of the related cash management agreement, if any;
- the original or copy of any related third party interest rate cap agreement, if applicable, any amendment thereof, and the related notice of assignment thereof from the mortgage loan seller to the trustee; and
- the original or a copy of any ground lease and any related estoppel certificate, if available; and
- with respect to any group of cross-collateralized underlying mortgage loans, the original or a copy of the related cross-collateralization agreement.

The custodian is required to hold all of the documents delivered to it with respect to the underlying mortgage loans in trust for the benefit of the series 2014-KS02 certificateholders under the terms of the series 2014-KS02 pooling and servicing agreement. Within a specified period of time following that delivery, the custodian will be further required to conduct a review of those documents. The scope of the custodian's review of those documents will, in general, be limited solely to confirming that they have been received, that they appear regular on their face (handwritten additions, changes or corrections will not be considered irregularities if initialed by the borrower), that (if applicable) they appear to have been executed and that they purport to relate to an underlying mortgage loan. None of the trustee, the certificate administrator, the master servicer, the special servicer or the custodian is under any duty or obligation to inspect, review or examine any of the documents relating to the underlying mortgage loans to determine whether the document is valid, effective, enforceable, in recordable form or otherwise appropriate for the represented purpose.

If—

- any of the above-described documents required to be delivered by the mortgage loan seller to the custodian is not delivered or is otherwise defective, and
- that omission or defect materially and adversely affects the value of the subject mortgage loan, or the interests of any class of series 2014-KS02 certificateholders,

then the omission or defect will constitute a material document defect as to which the series 2014-KS02 certificateholders will have the rights against the mortgage loan seller as described under “—Cures, Repurchases and Substitutions” below.

Within a specified period of time as set forth in the series 2014-KS02 pooling and servicing agreement, the mortgage loan seller or a third-party independent contractor will be required to submit for recording in the real property records of the applicable jurisdiction each of the assignments of recorded loan documents in the trustee's favor described above. Because some of the underlying mortgage loans are newly originated, many of those assignments cannot be completed and recorded until the related mortgage instrument, reflecting the necessary recording information, is returned from the applicable recording office.

Representations and Warranties

As of the Closing Date (or as of the date otherwise indicated in this information circular or in the mortgage loan purchase agreement), the mortgage loan seller will make, with respect to each mortgage loan that it is selling to us for inclusion in the issuing entity, representations and warranties that are expected to be generally in the form set forth on Exhibit C-1 to this information circular, subject to exceptions that are expected to be generally in the form set forth on Exhibit C-2 to this information circular. The final forms of those representations and warranties and those exceptions will be made in the mortgage loan purchase agreement between Freddie Mac and us, and will be assigned by us to the trustee under the series 2014-KS02 pooling and servicing agreement. You should carefully consider both those representations and warranties and those exceptions.

If—

- there exists a breach of any of those representations and warranties made by the mortgage loan seller, and
- that breach materially and adversely affects the value of the subject mortgage loan, or the interests of any class of series 2014-KS02 certificateholders,

then that breach will be a material breach of the representation and warranty. The rights of the series 2014-KS02 certificateholders against the mortgage loan seller with respect to any material breach are described under “—Cures, Repurchases and Substitutions” below.

Cures, Repurchases and Substitutions

If the mortgage loan seller has been notified of a defect in any mortgage file or a breach of any of its representations and warranties, or, itself has discovered any such defect or breach, which, in either case, materially

and adversely affects the value of any mortgage loan (including any REO Property acquired in respect of any foreclosed mortgage loan) or any interests of the holders of any class of series 2014-KS02 certificates, then the mortgage loan seller will be required to take one of the following courses of action:

- cure such breach or defect in all material respects; or
- repurchase the affected mortgage loan at a price generally equal to the sum of—
 1. the outstanding principal balance of such underlying mortgage loan as of the date of purchase, plus
 2. all accrued and unpaid interest on such underlying mortgage loan at the related mortgage interest rate in effect from time to time in absence of a default, to but not including the due date in the Collection Period of purchase (which would include unpaid master servicing fees and sub-servicing fees), all related special servicing fees and, if applicable, liquidation fees payable to the special servicer (to the extent accrued and unpaid or previously paid by the issuing entity), plus
 3. all related unreimbursed Servicing Advances, all related Servicing Advances that were previously reimbursed from general collections on the mortgage pool, all accrued and unpaid interest on related Servicing Advances and P&I Advances at the Prime Rate, and all interest on related Servicing Advances and P&I Advances that was previously reimbursed from general collections on the mortgage pool for such underlying mortgage loan, plus
 4. solely if such underlying mortgage loan is being purchased by the related borrower or an affiliate of the borrower, all default interest, late payment fees, extension fees and similar fees or charges incurred with respect to such underlying mortgage loan and all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the master servicer, the special servicer, the depositor, the custodian, the certificate administrator and the trustee in respect of such purchase, including, without duplication of any amounts described above in this definition, any expenses incurred prior to such purchase date with respect to such underlying mortgage loan, plus
 5. all out-of-pocket expenses reasonably incurred (whether paid or then owing) by the master servicer, the special servicer, the depositor, the trustee, the custodian and the certificate administrator in respect of the breach or defect giving rise to the repurchase obligation, including any expenses arising out of the enforcement of the repurchase obligation; or
- replace the affected mortgage loan with a Qualified Substitute Mortgage Loan; *provided* that in no event may a substitution occur later than the second anniversary of the Closing Date; or
- for certain breaches, reimburse the issuing entity for certain costs.

If the mortgage loan seller replaces an affected mortgage loan with a Qualified Substitute Mortgage Loan, as described in the third bullet of the preceding paragraph, then it will be required to pay to the issuing entity the amount, if any, by which—

- the price at which it would have had to purchase the removed mortgage loan, as described in the second bullet of the preceding paragraph, exceeds
- the Stated Principal Balance of the substitute mortgage loan as of the due date during the month that it is added to the issuing entity.

The time period within which the mortgage loan seller must complete the remedy, repurchase or substitution described in the immediately preceding paragraph, will generally be limited to 90 days following its receipt of notice of the subject material breach or material document defect. However, unless the subject material breach or material document defect relates to any mortgage note (or lost note affidavit or indemnity with respect to such mortgage note), if the subject material breach or material document defect is capable of being cured, if the mortgage loan seller is diligently attempting to correct the material breach or material document defect and with respect to a material document defect, such loan is not then a Specially Serviced Mortgage Loan and the missing or defective

document is not needed to adequately pursue the lender's rights prior to such time, then it will generally be entitled to as much as an additional 90 days to complete that remedy, repurchase or substitution (unless such material breach or material document defect causes any mortgage loan to not be a "qualified mortgage" within the meaning of the REMIC Provisions) if any underlying mortgage loan is required to be repurchased or substituted as contemplated above.

In addition to the foregoing, if—

- any underlying mortgage loan is required to be repurchased or substituted as contemplated above, and
- such underlying mortgage loan is a cross-collateralized loan,

then the applicable defect or breach (as the case may be) will be deemed to constitute a defect or breach (as the case may be) as to any related crossed mortgage loan for purposes of the above provisions, and the mortgage loan seller will be required to repurchase or replace any related crossed mortgage loan in accordance with the provisions above unless the special servicer determines that all of the following conditions would be satisfied if the mortgage loan seller were to repurchase or replace only the affected crossed mortgage loan as to which a defect or breach had initially occurred:

(i) the debt service coverage ratio for any related crossed mortgage loans that remain in the issuing entity for the four calendar quarters immediately preceding the repurchase or substitution is not less than the greater of (a) the debt service coverage ratio for all such crossed mortgage loans, including the affected crossed mortgage loan, for the four calendar quarters immediately preceding the repurchase or substitution and (b) 1.25x;

(ii) the loan-to-value ratio for any related crossed mortgage loans that remain in the issuing entity (determined at the time of repurchase or substitution based upon an appraisal obtained by the special servicer at the expense of the mortgage loan seller) is not greater than the least of (a) the loan-to-value ratio for such crossed mortgage loans including the affected crossed mortgage loan (determined at the time of repurchase or substitution based upon an appraisal obtained by the special servicer at the expense of the mortgage loan seller), (b) the loan to value ratio for such crossed mortgage loans including the affected crossed mortgage loan set forth in the tables in Exhibit A-1 to this information circular and (c) 75%; and

(iii) each of the trustee, the certificate administrator and the master servicer or the special servicer, as applicable, receives an opinion of independent counsel (at the expense of the mortgage loan seller) to the effect that such repurchase or substitution will not result in the imposition of a tax on the issuing entity or its assets, income or gain, cause the crossed mortgage loans not purchased or replaced to have been significantly modified under the REMIC Provisions or cause either Trust REMIC created under the series 2014-KS02 pooling and servicing agreement to fail to qualify as a REMIC for U.S. federal or applicable state tax purposes or become subject to a tax on a "prohibited transaction" at any time that any series 2014-KS02 certificate is outstanding.

In the event that each of the conditions set forth in the preceding sentence would be so satisfied (as determined by the special servicer), the mortgage loan seller may elect either to repurchase or substitute only the affected crossed mortgage loan as to which the defect or breach exists or to repurchase or substitute all of the related crossed mortgage loans. The determination of the special servicer as to whether the conditions set forth above have been satisfied will be conclusive and binding in the absence of manifest error. Notwithstanding the foregoing, if the mortgage loan seller repurchases or substitutes for an affected crossed mortgage loan in the manner prescribed above while the trustee continues to hold any related crossed mortgage loans, the mortgage loan seller must also repurchase or replace the related crossed mortgage loans unless the master servicer or the special servicer, as applicable, and each related borrower have agreed to modify, upon such repurchase or substitution, the related loan documents in a manner such that (a) the repurchased or replaced crossed mortgage loan and (b) any related crossed mortgage loans that were not repurchased or replaced, would no longer be cross-defaulted or cross-collateralized with one another.

Any of the following document defects will be conclusively presumed materially and adversely to affect the interests of a class of series 2014-KS02 certificateholders in an underlying mortgage loan:

- the absence from the mortgage file of the original signed mortgage note, unless the mortgage file contains a signed lost note affidavit, indemnity and endorsement;
- the absence from the mortgage file of the original signed mortgage, unless there is included in the mortgage file (i) a copy of the mortgage and the related recording information; or (ii) prior to the expiration of an applicable cure period, a certified copy of the mortgage in the form sent for recording, with a certificate stating that the original signed mortgage was sent for recordation;
- the absence from the mortgage file of the original lender's title insurance policy or a copy of the original lender's title insurance policy (together with all endorsements or riders that were issued with or subsequent to the issuance of such policy), or, if the policy has not yet been issued, a binding written commitment (including a *pro forma* or specimen title insurance policy, which has been accepted or approved in writing by the related title insurance company) relating to the subject mortgage loan;
- the absence from the mortgage file of any intervening assignments or endorsements required to create an effective assignment to the trustee on behalf of the issuing entity, unless there is included in the mortgage file a copy of the intervening assignment that will be or was sent for recordation; or
- the absence from the mortgage file of any required original letter of credit (unless such original has been delivered to the master servicer and a copy of such letter of credit is part of the mortgage file); *provided* that such defect may be cured by providing a substitute letter of credit or a cash reserve.

The foregoing obligation to cure, repurchase, provide a substitute mortgage loan or loans or reimburse the issuing entity will constitute the sole remedies available to the certificateholders and the trustee for any defect in a mortgage file or any breach on the part of the mortgage loan seller of its representations or warranties regarding the underlying mortgage loans.

Any defect or any breach that, in either case, causes any mortgage loan not to be a "qualified mortgage" within the meaning of the REMIC Provisions will be deemed a material breach or material document defect, requiring the mortgage loan seller to purchase or substitute the affected mortgage loan from the issuing entity within 90 days from the discovery of the defect or breach at the applicable purchase price described above in the first paragraph of this subsection and in conformity with the mortgage loan purchase agreement.

We cannot assure you that the mortgage loan seller has or will have sufficient assets with which to fulfill any repurchase/substitution obligations on its part that may arise.

Changes in Mortgage Pool Characteristics

The description in this information circular of the mortgage pool is based upon the mortgage pool as it is expected to be constituted at the time the offered certificates are issued, with adjustments for the monthly debt service payments due on the underlying mortgage loans on or before their respective due dates in May 2014. Prior to the issuance of the offered certificates, one or more mortgage loans may be removed from the mortgage pool if we consider the removal necessary or appropriate. A limited number of other mortgage loans may be included in the mortgage pool prior to the issuance of the offered certificates, unless including those underlying mortgage loans would materially alter the characteristics of the mortgage pool as described in this information circular. We believe that the information in this information circular will be generally representative of the characteristics of the mortgage pool as it will be constituted at the time the offered certificates are issued. However, the range of mortgage interest rates and maturities, as well as the other characteristics of the underlying mortgage loans described in this information circular, may vary, and the actual initial mortgage pool balance may be as much as 5% larger or smaller than the initial mortgage pool balance specified in this information circular.

Certain Legal Aspects of the Underlying Mortgage Loans

The following discussion contains summaries of certain legal aspects related to underlying mortgage loans secured by mortgaged real properties located in Illinois, New York, Michigan and Georgia in which mortgaged real properties that secure underlying mortgage loans collectively representing approximately 12.8%, 12.1%, 10.4% and

10.2%, respectively, of the initial mortgage pool balance are located. The summaries are general in nature, do not purport to be complete and are qualified in their entirety by reference to the applicable federal and state laws governing the underlying mortgage loans.

Various states have imposed statutory prohibitions or limitations that limit the remedies of a mortgagee under a mortgage or a beneficiary under a deed of trust. The underlying mortgage loans are limited recourse loans and are, therefore, generally not recourse to the borrowers but limited to the mortgaged real properties. Even if recourse is available pursuant to the terms of an underlying mortgage loan, certain states have adopted statutes which impose prohibitions against or limitations on such recourse. The limitations described below and similar or other restrictions in other jurisdictions where mortgaged real properties are located may restrict the ability of the master servicer or the special servicer, as applicable, to realize on the underlying mortgage loans and may adversely affect the amount and timing of receipts on the underlying mortgage loans.

Certain Legal Aspects of Mortgaged Real Properties Located in Illinois. Mortgage loans in Illinois are generally secured by mortgages on the related real estate. Foreclosure of a mortgage in Illinois is accomplished by judicial foreclosure. There is no power of sale in Illinois. After an action for foreclosure is commenced and the lender secures a judgment, the judgment of foreclosure will provide that the property be sold at a sale in accordance with the Illinois Mortgage Foreclosure Law (Article 15 of the Illinois Code of Civil Procedure) on such terms and conditions as specified by the court on the judgment of foreclosure if the full amount of the judgment is not paid prior to the scheduled sale. A sale may be conducted by any judge, sheriff or private third-party. The notice of sale shall set forth, among other things, the time and location of such sale. Generally, the foreclosure sale must occur after the expiration of the applicable reinstatement and redemption periods or waiver thereof. During this period, a notice of sale must be published once a week for 3 consecutive weeks in the county in which the property is located, the first such notice to be published not more than 45 days prior to the sale and the last such notice to be published not less than 7 days prior to the sale. Illinois does recognize a right of redemption, but such right may be waived by a borrower in the mortgage. Illinois does not have a "one action rule" or "anti-deficiency legislation." Subsequent to a foreclosure sale, the court conducts a hearing to confirm the sale and enters an order confirming the sale. In the order confirming the sale pursuant to the judgment of foreclosure, the court shall enter a personal judgment for deficiency against any party (i) if otherwise authorized and (ii) to the extent requested in the complaint and proven upon presentation of a report of sale and to the extent personally served. In certain circumstances, the lender may have a receiver appointed.

Certain Legal Aspects of Mortgaged Real Properties Located in New York. Mortgage loans in New York are generally secured by mortgages on the related real estate. Foreclosure of a mortgage is usually accomplished in judicial proceedings. After an action for foreclosure is commenced, and if the lender secures a ruling that is entitled to foreclosure ordinarily by motion for summary judgment, the court then appoints a referee to compute the amount owed together with certain costs, expenses and legal fees of the action. The lender then moves to confirm the referee's report and enter a final judgment of foreclosure and sale. Public notice of the foreclosure sale, including the amount of the judgment, is given for a statutory period of time, after which the mortgaged real estate is sold by a referee at public auction. There is no right of redemption after the foreclosure of sale. In certain circumstances, deficiency judgments may be obtained. Under mortgages containing a statutorily sanctioned covenant, the lender has a right to have a receiver appointed without notice and without regard to the adequacy of the mortgaged real estate as security for the amount owed.

Certain Legal Aspects of Mortgaged Real Properties Located in Michigan. A mortgage (with an assignment of rents), recorded in the office of the county Register of Deeds, is the standard real property security instrument in Michigan. Sometimes a separate assignment of leases and rents is also used. Under the Michigan Uniform Commercial Code a mortgage containing the appropriate language can be used for a fixture filing, but often a separate fixture filing financing statement is recorded as well. Mortgages often contain express future advance clauses to insure the priority of later advances, as well as a clause that provides for the use of a receiver in the event of "waste" as a result of failure to pay property taxes or insurance premiums. A Michigan mortgagee cannot expect to be able to exercise self-help and enter the property in the event of a default. Typically, the mortgage will obtain the mortgagor's consent to a receiver in certain circumstances, but actually obtaining a receiver still requires court approval. Mortgages may be enforced by either judicial foreclosure or foreclosure by advertisement (the mortgage should contain a good power of sale clause), carried out as a sheriff's sale after the requisite publication. The latter is much quicker -- perhaps 45 to 60 days to sale -- but a judicial foreclosure, requiring at least six months before the

foreclosure sale, may be desirable in some circumstances. In both cases, there is a statutory redemption period, in most cases six months, following the foreclosure sale, in which the mortgagor and other persons with interests under the mortgage may redeem the mortgaged property, and this can only be waived by the mortgagor for adequate contemporaneous consideration. An agreement for a deed-in-lieu of foreclosure is generally also enforceable provided there is adequate independent consideration at the time of the deed. A prior waiver of the redemption period set forth in the mortgage is difficult to enforce no matter how elaborately the lender's counsel constructs the waiver language. Both before foreclosure and during the redemption period the assignment of rents can be exercised in accordance with the procedural requirements of Michigan's assignment of rents statute. Both foreclosure remedies allow for deficiencies to be established; however, without judicial authorization, a separate action on the debt cannot be maintained while foreclosure is pending.

Certain Legal Aspects of Mortgaged Real Properties Located in Georgia. Real property loans in Georgia are customarily secured by deeds to secure debt and are generally foreclosed pursuant to a private, non-judicial sale under the power of sale remedy, which must be contained in the deed to secure debt. Judicial foreclosure is also available, but rarely exercised, remedy. In the power of sale foreclosure, the lender must provide notice of the sale by advertisement in a newspaper in which sheriff's notices of sale are published in the county in which the property is located once a week for four (4) consecutive weeks immediately preceding the date of sale. The advertisement must contain certain information, including a description of the property and the instrument pursuant to which the sale is being conducted, and the name, address, and telephone number of the individual or entity who shall have full authority to negotiate, amend, and modify all terms of the mortgage with the debtor (provided that the lender is under no obligation to negotiate, amend or modify the terms of the deed to secure debt). A copy of the notice of sale to the public must be given to the debtor not less than (30) days prior to the date of the proposed foreclosure sale. If the loan has been assigned, the assignment vesting title to the deed to secure debt must be filed for record prior to the time of the sale. The foreclosure sale is conducted by the lender or its representatives, must occur between the hours of 10:00 a.m. and 4:00 p.m. on the first Tuesday of a month (except, if the first Tuesday of a month falls on New Year's Day or Independence Day, then the sale must be conducted on the immediately following Wednesday) and is held on the courthouse steps of the court in the county in which the property is located. At the sale the property is sold to the highest bidder, and the lender may "credit bid" the amount of its debt at the sale, so long as the loan documents permit the lender to bid at the sale. The debtor's right of redemption is extinguished by the power of the sale foreclosure. In order to obtain a deficiency judgment for a recourse loan, the lender must first report the foreclosure sale to a judge of the Superior Court of the county in which the property is located within thirty (30) days after the date of sale. The judge will then conduct a "confirmation hearing," notice of which must be served at least five (5) days prior to the hearing on all obligors. The purpose of the confirmation hearing is to prove that (a) the real property sold for its "true market value" (which has been interpreted to mean "fair market value") and (b) the foreclosure sale was conducted in accordance with law. The judge may (a) confirm the sale (in which case the creditor may pursue the deficiency claim in a separate action against the obligors), (b) set the sale aside (in which case the parties are returned to their respective positions immediately prior to the sale and a new foreclosure sale must be conducted) or (c) deny confirmation of the sale and refuse to permit a resale (in which case the sale stands as completed but the creditor may not pursue a deficiency claim against the obligors). Georgia has no "one action" rule or statute.

SENIOR LIVING FACILITY OPERATIONS

Independent Living Facilities

Based upon the majority of units at a particular property, eleven (11) of the underlying mortgage loans, collectively representing 75.1% of the initial mortgage pool balance, are primarily independent living facility properties. Among these eleven (11) underlying mortgage loans, a minority of the units at five (5) of such mortgaged real properties are dedicated to assisted living services. One (1) such mortgaged real property also has a minority of units dedicated to providing Alzheimer's disease and/or memory care services. Independent living facilities are residential apartments/units with limited services such as congregate meals and planned activities. Independent living facilities offer seniors an independent lifestyle in the environment of a retirement community, and do not ordinarily provide any healthcare services. Independent living facility operators may use different types of contractual and fee arrangements with their residents or clients. Independent living facilities may be regulated in some states, but generally are not. The lack of licensure also limits the regulatory oversight by the applicable state regulatory authority of such facilities. There is no federal agency which oversees them. A typical independent living

facility receives most of its revenues from its residents' own resources. See "Risk Factors—The Inability To Maintain Licensure May Adversely Impact Revenue; License Requirements May Adversely Affect the Rights of the Issuing Entity to Realize on the Properties" in this information circular.

Assisted Living Facilities

Assisted living facilities generally provide 24-hour personal support services designed to assist seniors with the activities of daily living, as well as room, board, housekeeping, laundry and services that do not necessarily but may require a professional nursing staff to perform. An assisted living facility is designed to provide services to an established number of persons who are, generally, ambulatory or mobile (with assisted devices) but who may need assistance with bathing, eating, dressing, ambulation and toileting. An assisted living facility provides personal care services and supervision of residents' activities and may offer certain medical care. Those facilities providing Alzheimer's disease and/or memory care may be required to meet certain additional staffing, training and facility criteria. Based upon the majority of units at a particular property, six (6) of the underlying mortgage loans, collectively representing 24.9% of the initial mortgage pool balance, are primarily assisted living facility properties, including one (1) mortgaged real property, identified on Exhibit A-1 to this information circular as "Balfour Cherrywood Village," representing 1.7% of the initial mortgage pool balance, that provides only Alzheimer's disease and/or memory care services. An assisted living facility may have its own dining room, lobby, nurses' stations, storage facilities and its own separate entryway and access.

Ordinarily, Medicare and Medicaid do not provide reimbursement for room, board or services furnished by an assisted living facility. Pursuant to Section 1915(c) of the Social Security Act, the United States Department of Health and Human Services ("HHS") may waive certain Medicaid statutory requirements so that a state Medicaid program may choose to offer a "medical assistance" payment for all or part of the cost of home or community-based services ("HCBS Waivers") (other than room and board) approved by HHS. The HCBS Waivers services are provided pursuant to a written plan of care to individuals with respect to whom there has been a determination that but for the provision of such services, the individuals would require the level of care provided in a hospital or a nursing facility which could be reimbursed under the state Medicaid program. Certain states permit such HCBS Waivers to be used towards the cost of assisted living facilities. In addition, special state supplementation programs, which are not funded by Medicaid, may provide partial reimbursement for services furnished by assisted living facilities to residents eligible for coverage by the program. Many states are considering making special state supplementation programs available to assisted living facilities. However, the special state supplementation programs generally require an assisted living facility to accept a lower reimbursement rate for covered residents than it would normally charge residents paying with their own funds. None of the mortgaged real properties currently accepts reimbursement from non-private payors such as Medicare or Medicaid. However, in the future, in an effort to maintain occupancy levels, the related borrowers may determine to accept residents covered under Medicaid, a Medicaid waiver or a special state supplementation program at the mortgaged real properties. Participation in these programs could lead to a decrease in revenue per resident that could affect the ability of the borrowers to support debt service payments under the underlying mortgage loans.

In recent years, states have increased their monitoring and oversight of the quality of services provided at assisted living facilities, and are requiring that such facilities implement costly corrective measures to improve both the physical premises and operations. These initiatives could have an adverse effect on the revenues of the mortgaged real properties.

Assisted Living Facility Expenses

Labor costs typically account for a large percentage of an assisted living facility's expenses. Healthcare providers, including assisted living facilities, are experiencing a shortage of nurses and nursing assistants and physical and other types of therapists, which requires many providers, including assisted living facilities, to use temporary personnel, potentially at an increase in cost. Although the federal government has proposed a number of initiatives to address the problem, including easing restrictions on the recruitment of foreign healthcare personnel, providing grants for training and educations, and establishing loan forgiveness programs, shortages remain.

In addition, various state governments are presently considering or have enacted new legislation or regulations on staffing. A number of states have enacted specific minimum staffing legislation or regulation with respect to

licensed assisted living facilities. Some areas of the country are experiencing active organized labor campaigns that have targeted healthcare facilities. Facility labor costs may increase in the future, and we cannot assure you that any labor cost increases will be offset by higher revenue. With respect to any operators which choose to accept Medicaid or reimbursement from other third-party payors in the future, the increases to reimbursement rates may not keep pace with the increases in labor costs. The increase of other operating costs, such as food service, energy, non-skilled labor, real estate taxes, interest payments and regulatory compliance may not be offset by higher revenues. Occurrences outside the control of the borrowers, the tenant or the operating lessees, such as changes in consumer preferences, changes in zoning laws, acts of war or terrorism or natural disasters, may also increase costs and/or necessitate large capital expenditures. If competing facilities are better able to control such costs, the operating lessees may have difficulty maintaining or increasing occupancy levels at the mortgaged real properties.

Audits and Investigations

To the extent included in a state's Medicaid program, assisted living facilities are also subject to audits and investigations into their costs and other financial information by the Medicaid programs and other federal and state task forces. Such audits or investigations may result in a determination by the relevant governmental authority that the assisted living facility has been overpaid for the services it has provided, that the assisted living facility's costs or documentation do not support the payments made to the assisted living facility, that the services were not provided pursuant to the plan of care, not properly documented, or not of a quality otherwise expected, or that the recipient was not qualified for the benefit. In such cases, the government may take steps to recoup overpayments it has made, including but not limited to, immediately withholding all or portions of future Medicaid payments due to such facility. Moreover, the majority of mortgaged real properties are located in states that have enacted false claims acts that allow for whistleblower actions to be brought based upon a provider's submission of fraudulent claims for reimbursement. These state false claims acts, in addition to the federal False Claims Act, have the potential to expose assisted living facilities that receive government reimbursement to substantial penalties for violating these laws.

At the closing of each underlying mortgage loan, each borrower represented that there were no judicial, administrative, mediation or arbitration actions, suits or proceedings pending or, to the best of the borrower's knowledge, threatened in writing against or affecting such borrower or the related mortgaged real property which, if adversely determined, would have a significant material adverse effect on, among other things, the mortgaged real property (including the senior housing facility) or the business prospects, profits, operations or condition of the borrower or any operator of the senior housing facility.

Regulation by Federal, State and Local Authorities

The assisted living facility industry is regulated by federal, state and/or local authorities. In certain states, assisted living facilities may be regulated at the time of establishment, prior to and during construction, during their operation and at the time of closure or cessation of business. For example, in certain states, prior to commencing operations, an assisted living facility may be required to comply with, among other requirements, applicable federal, state and local construction, licensing and certification requirements, which may change at any time. See "Risk Factors—The Inability To Maintain Licensure May Adversely Impact Revenue; License Requirements May Adversely Affect the Rights of the Issuing Entity to Realize on the Properties" in this information circular.

Once established, assisted living facilities may be subject to federal, state and/or local operating requirements including, but not limited to, those mandated by the state departments of health or other agency, and, if applicable, Medicaid, as set forth in Title XIX (Medicaid) of the Social Security Act and accompanying regulations. The cost of complying with such regulations may be substantial, and significant changes in federal, state or local laws or regulations may have a material adverse effect on the mortgaged real properties. See "Risk Factors—The Operations of the Mortgaged Real Properties May Be Subject to Regulations Promulgated by Federal, State and Local Governments, and any Failure To Comply with such Regulations May Adversely Affect the Borrowers' Ability To Repay the Underlying Mortgage Loans" in this information circular.

Government Regulation Regarding Quality of Care.

In the ordinary course of business in some states, licensed assisted living facilities are subject to surveys annually, biannually or at other specified intervals as determined appropriate by the state regulatory agency responsible for regulating such facilities, and may be subject to additional surveys such as complaint investigation surveys and life safety code surveys. The surveys are conducted to determine whether the facility is in compliance with federal and state laws and regulations relating to participation in the Medicaid programs, if applicable, and state and local regulations including, but are not limited to, regulations relating to licensure, admission agreement requirements, quality and conduct of operations, resident rights, ownership of facilities, addition to facilities, beds, services and prices for services. These regulatory agencies may issue statements of deficiencies for failure to comply with various regulatory requirements and may provide the facility with an opportunity to correct such deficiencies by preparing and implementing a plan of correction.

For example, with respect to the underlying mortgage loan secured by the mortgaged real property identified on Exhibit A-1 to this information circular as “Village At Proprietors Green,” representing 10.0% of the initial mortgage pool balance, the related borrower’s license to operate the mortgaged real property for its intended use expired on April 1, 2014. The borrower is required to provide the lender with a copy of the renewed license within 30 days after its renewal. We cannot assure you that the borrower will obtain a renewal of the license to operate the mortgaged real property for its intended use before the expiration of such provisional license, or that the failure of the borrower to obtain a renewal of the license will not adversely impact operations at or the value of the mortgaged real property.

The regulatory environment for senior care services has intensified, particularly the regulatory environment for large, for-profit, multi-facility providers. Many state governments have increased oversight and enforcement policies resulting in an increase in the number of surveys and inspections, citations of regulatory deficiencies, and regulatory sanctions.

Singly or in combination, available sanctions for quality deficiencies or a failure to satisfy state regulatory requirements can have a material adverse effect on the mortgaged real properties’ results of operations, reputation, liquidity and financial position. Generally, assisted living facilities can contest such sanctions. However, there are often significant delays in the process for contesting sanctions and certain sanctions continue for long periods of time. Proceedings to contest sanctions often involve significant legal expense and facility resources, and may not be successful.

Some states require that assisted living facilities providing care to seniors report to state regulatory authorities whenever there is reasonable cause to believe that abuse, neglect, mistreatment or misappropriation of resident property may have occurred, as those terms are defined, in some cases broadly, in state laws and accompanying regulations. Providers may be sanctioned for a failure to report. With respect to healthcare facilities participating in the Medicaid program, federal prosecutors have also focused on pursuing quality of care investigations under the federal False Claims Act for reported instances of patient abuse and neglect, falsification of records, failure to report adverse events, improper use of restraints and certain other care issues. Since owners or operators of facilities convicted under the federal False Claims Act may be liable for treble damages plus mandatory civil penalties and exclusion from federal and state healthcare programs, owners or operators of healthcare facilities often settle these cases for a substantial amount of money. All states in which the mortgaged real properties are located have a Medicaid Fraud Control Unit (“MFCU”), which typically operates as a division of the state attorney general’s office or equivalent, and is empowered to and often does, conduct criminal and civil investigations into allegations of potential abuse, neglect, mistreatment and/or misappropriation of resident property, including, in some states, with respect to facilities that do not receive reimbursement from Medicaid. In fiscal year 2013, MFCUs reported more than 15,500 investigations, resulting in 1,588 individuals being criminally charged or indicted. In total, in fiscal year 2013 MFCUs recovered more than \$2.5 billion in fines and penalties and helped secure 1,341 convictions and 879 civil judgments and settlements. In some states, the investigations may be handled by local authorities. In some cases, the allegations may be investigated by both the state attorney general or local authority and federal and/or state survey agencies. MFCU and/or state attorney general investigations may be pending and, from time to time, threatened against providers, relating to or arising out of allegations of potential resident abuse, neglect or mistreatment. For more information regarding pending governmental investigations regarding the mortgaged real properties, see “Risk Factors—Litigation May Adversely Affect Property Performance” in this information circular.

Annual surveys that occur periodically, and complaint surveys in response to specific complaints, are conducted by state regulatory agencies and are typically unannounced. Often deficiencies may be identified during those surveys. When deficiencies are found, plans of corrective action are required to be developed and implemented. Failure to timely submit and implement such corrective action plans can result in sanctions such as, among other things, licensure suspension or revocation. See “Risk Factors—The Inability To Maintain Licensure May Adversely Impact Revenue; License Requirements May Adversely Affect the Rights of the Issuing Entity to Realize on the Properties” in this information circular.

Life Safety Code Regulations.

The dates during which the mortgaged real properties were constructed range from 1974 to 2011. The physical plant requirements for the mortgaged real properties vary from state to state (in some cases from political subdivision to political subdivision), and may include national fire protection standards. Many of the states in which the mortgaged real properties are located currently impose sprinkler requirements by law. Each borrower represented that all mortgaged real properties were in compliance with their respective state’s requirements related to fire safety and building codes as of the date of origination of the related underlying mortgage loan. There are no assurances that the mortgaged real properties currently are or will remain at all times, or have sufficient financial resources to remain, in compliance with their respective state’s requirements. There are no assurances that states that do not currently have sprinkler requirements in place applicable to the mortgaged real properties will not enact such requirements. Mortgaged real properties that are not in compliance with their respective state’s requirements may be subject to various penalties.

Medicaid Reimbursement of Assisted Living Facilities.

Medicaid is a state-administered program financed by state (and, in some cases, state and local) funds and matching federal funds which provides for medical assistance to the indigent and certain other eligible persons. Approximately 50% of the funds available under these programs are provided by the federal government under the federal Medicaid matching program. (The percentage of federal financial participation can vary from state to state.) Although administered under broad federal regulations, states are given considerable flexibility to construct programs and payment methods consistent with their individual goals. Accordingly, these programs differ from state to state in many respects.

Typically, Medicaid accounts for only a small portion of an assisted living facility’s revenue. Pursuant to Section 1915(c) of the Social Security Act, HHS may provide HCBS Waivers (other than for room and board) approved by HHS. HCBS Waiver services which are provided pursuant to a written plan of care to individuals with respect to whom there has been a determination that but for the provision of such services, the individuals would require the level of care provided in a hospital or a nursing facility which could be reimbursed under the state Medicaid program. Certain states permit such HCBS Waivers to be used towards the cost of assisted living facilities. A state may choose to limit the geographic region where such waived services can be provided and the number of persons who may participate in the waiver program. Room and board is generally not covered by the HCBS Waiver and must be paid by the resident from the resident’s own resources or other public sources. Many states limit the amount that may be charged to a Medicaid beneficiary for room and board. The method of calculating the reimbursement amount varies by state, but is generally subject to an expenditure cap, calculated based on the average cost of nursing facility care. States may pay a flat daily or monthly rate, set individual rates determined according to the care plan established for each individual participating in the program, or pay tiered rates based on the needs of individuals. Certain states use fee-for-service rates capped at the amount reimbursed by Medicaid for nursing facility care. On January 14, 2014 HHS issued a final rule (79 Fed. Reg. 2948) to address the setting in which HCBS Waiver services may be provided. The final rule requires that a program participant reside in a setting that is integrated in the community, not located in a building that is also a publicly or privately operated facility that provides inpatient institutional treatment, must not be located in a building on the grounds of, or immediately adjacent to, a public institution and, must not be in a setting that has the effect of isolating individuals receiving Medicaid HCBS from the broader community of individuals not receiving Medicaid HCBS, unless specifically permitted by the Secretary of the HHS. It is possible that as a result of the issuance of the final rule that residents of the mortgaged real properties may not be eligible to participate in the HCBS Waiver program. Such a result could decrease or eliminate the level of Medicaid reimbursement provided to assisted living facilities, which may adversely affect their profitability.

Certain states provide Medicaid reimbursement for certain personal care services provided in assisted living facilities through the Medicaid state plan. Unlike HCBS Waivers, participation in a state plan is not limited to only those residents that would meet nursing facility eligibility requirements and states may not limit the number of participants.

Medicaid programs are subject to statutory and regulatory changes, administrative rulings, interpretations of policy by the state agencies and courts, and certain government funding limitations, all of which may materially decrease the level of program payments to assisted living facilities. The payments under many of these programs may not be sufficient on an overall basis to cover the costs of serving certain patients covered by the state Medicaid programs. Federal and state government audits or investigations may result in a determination that an assisted living property has been overpaid for the services it has provided, or that the assisted living property's expenses or documentation do not support the payments or level of payments made to the assisted living property. In such cases, the government may take steps to recoup overpayments it has made, including, but not limited to, withholding all or portions of future Medicaid payments due to such assisted living property.

Any borrower or operator of a mortgaged real property that chooses to accept reimbursement from non-private payors in the future might be adversely affected whenever there is a change in reimbursement incentives or policies. Furthermore, with the current economic climate, states and/or the federal government may put certain restrictions on Medicaid eligibility and/or decrease the level of Medicaid reimbursement provided to such mortgaged real properties, which may adversely affect their profitability.

Medicaid reimbursement to the mortgaged real properties, where applicable, may be disrupted or adversely affected when the applicable licensee is transitioned to a new licensee. If the reimbursement is adversely affected, an operating lessee's ability to pay rent under the operating lease may be impaired, which may impair the related borrower's ability to make payments on the underlying mortgage loan.

Notwithstanding the expansion of Medicaid, pursuant to the ACA, many states have enacted or are considering enacting, at their option, measures designed to reduce their Medicaid expenditures. Any significant increase in the Medicaid population in any of the mortgaged real properties that are facing declining Medicaid reimbursement could have a material adverse effect on the financial position of such mortgaged real property. It is not possible to predict the future course of federal, state or local healthcare legislation. There are no assurances that future healthcare legislation or other changes in the administration or interpretation of governmental healthcare programs will not have a material adverse effect on the business, financial condition or results of operations of mortgaged real properties. Notably, the "minimum level of coverage" that is required to be provided by the federal insurance exchanges mandated by ACA, does not currently provide for insurance coverage for services provided at assisted living facilities.

Other Government Regulations Regarding Financial and Other Arrangements.

The extensive federal, state and local regulations affecting the healthcare industry also include regulation of the financial and other arrangements that healthcare providers participating in Medicaid, including assisted living facilities, enter into during the normal course of business. For example, the anti-kickback law (codified at 42 U.S.C. § 1320a-7b) prohibits certain business practices and relationships that might affect the provision and cost of healthcare services reimbursable under Medicaid, including the payment or receipt of money or anything else of value for the referral of patients or residents whose care will be paid by other governmental programs. Sanctions for violating the anti-kickback law include criminal penalties and civil sanctions, fines and possible exclusion from government programs, such as the Medicaid programs, as well as liability under the federal False Claims Act. See "Risk Factors—The Operations of the Mortgaged Real Properties May Be Subject to Regulations Promulgated by Federal, State and Local Governments, and any Failure To Comply with such Regulations May Adversely Affect the Borrowers' Ability To Repay the Underlying Mortgage Loans" in this information circular.

Section 1877 of the Social Security Act (codified at 42 U.S.C. § 1395nn and commonly known as the Stark Law), as amended, and the regulations promulgated thereunder, restrict physician referrals of Medicaid and other government program patients to providers of a broad range of designated health services with which the physician has an ownership interest or other prohibited financial arrangements.

The Balanced Budget Act of 1997 (the “Balanced Budget Act”) also provides for a number of other anti-fraud and anti-abuse initiatives that could impact the mortgaged real properties. The Balanced Budget Act authorizes additional civil monetary penalties for violations of the anti-kickback law and imposes an affirmative duty on providers to ensure that they do not employ or contract with persons excluded from the Medicare and Medicaid programs. The Balanced Budget Act also extended to ten years the minimum period of exclusion from participation in federal healthcare programs for persons convicted of a prior healthcare offense.

The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) broadened the scope of certain fraud and abuse laws by adding several criminal provisions for healthcare fraud offenses that apply to all healthcare benefit programs. See “—HIPAA Privacy and Security” below.

The ACA broadened the scope of certain fraud and abuse laws including clarifying the knowledge standard under the anti-kickback statute to provide that persons need not have actual knowledge that the alleged activity violated the anti-kickback statute or have had specific intent to commit a violation of the anti-kickback statute. This definition may increase the likelihood and successfulness of government prosecutions.

Many states have adopted or are considering legislative schemes, some of which extend beyond federal government prohibitions, to prohibit the payment or receipt of money or anything else of value for the referral of patients and physician or other provider self-referrals regardless of the source of the payment for the care. These laws and regulations are extremely complex and little judicial or regulatory interpretation exists. Although each related borrower has represented that, as of the origination date of the underlying mortgage loan, the borrower, any operator of the senior housing facility, the senior housing facility (and its operation) and all residential care agreements and residential leases were in compliance with the applicable provisions of all laws, regulations, ordinances, orders or standards of any governmental authority having jurisdiction over the facility, there are no assurances that governmental officials charged with responsibility for enforcing the provisions of the anti-kickback law and/or the Stark Law or similar state laws will not assert that one or more of any mortgaged real property’s arrangements are in violation of such provisions. Any sanctions imposed could have a material adverse effect on the mortgaged real properties.

Facilities participating in the Medicaid program are typically required to comply with federal and state financial reporting requirements. Federal, and where applicable, state regulations require the submission by certain providers of annual cost reports covering the revenue, costs and expenses associated with the services provided to Medicaid recipients. Generally, executives of a facility must certify that the cost report is accurate and that the cost report and the facility complies with all applicable healthcare laws, including compliance with anti-kickback laws. Annual cost reports required under the Medicaid programs and, in some cases utilized to calculate reimbursement rates, are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due to a facility under the particular reimbursement program. The audits often require several years to reach the final determination of amounts due to or from a facility, especially when providers exercise their appeal rights. It is common to contest issues raised in audits of prior years’ reports. Healthcare providers have been prosecuted on the basis that their submitted and certified cost reports were in violation of the federal False Claims Act because the reports contained false information or because expenses on the cost report were derived from relationships with other providers that violated healthcare laws, to the extent that governmental reimbursement is based on a provider’s reported costs. It is not unusual for the management of a large chain of facilities to require its facilities to use common cost reporting and accounting methodologies. If one mortgaged real property’s methodologies or category of expenses were to result in liability under the federal False Claims Act, the federal government may be prompted to investigate all of the mortgaged real properties participating in the Medicaid program, which could be costly. Assisted living facilities participating in Medicaid in certain states may also be subject to whistleblower lawsuits under the relevant state and federal False Claims Act. When a defendant is determined by a court of law to be liable under the federal False Claims Act, the defendant may be required to pay three times the actual damages sustained by the government, plus mandatory civil penalties of between \$5,500 and \$11,000 for each separate false claim. Settlements entered into prior to litigation usually involve a less severe method for calculating damages. There are many potential bases for liability under the federal False Claims Act. Liability often arises when an entity knowingly submits a false claim for reimbursement to the federal government. The federal False Claims Act defines the term “knowingly” broadly. Thus, although simple negligence will not give rise to liability under the federal False Claims Act, submitting a claim with deliberate ignorance or reckless disregard to its truth or falsity constitutes “knowing” submission under the federal False Claims Act and, therefore, will qualify for liability. In some cases,

whistleblowers or the federal government have taken the position that providers who allegedly have violated other statutes, such as the Stark Law, or who have failed to comply with federal and/or state quality of care regulations or have significant survey deficiencies, have submitted false claims under the federal False Claims Act. Any whistleblower lawsuits or governmental investigations that lead to convictions under the relevant state and federal False Claims Act could result in significant fines and/or exclusion from federal healthcare programs, and such penalties could have a material adverse effect on the mortgaged real properties.

HIPAA Privacy and Security.

HIPAA mandates the adoption of regulations aimed at standardizing transaction formats and billing codes for documenting medical services, dealing with claims submissions, and protecting the privacy and security of individually identifiable health information, in each case as applicable, to covered “health care providers” as defined below. HIPAA regulations that standardize transactions and code sets became final in 2000 and required compliance by October 2003.

Final HIPAA privacy regulations were published in December 2000. These privacy regulations apply to “protected health information,” which is defined generally as individually identifiable health information transmitted or maintained in any form or medium, excluding certain education records and student medical records. The privacy regulations seek to limit the use and disclosure of most paper and oral communications, as well as those in electronic form, regarding an individual’s past, present or future physical or mental health or condition, or relating to the provision of healthcare to the individual or payment for that healthcare, if the individual can or may be identified by such information. Compliance with the privacy regulations was required by April 2003.

HIPAA’s security regulations were finalized in February 2003. The security regulations require covered providers to ensure the confidentiality, integrity, and availability of all electronic protected health information. Compliance with the HIPAA security regulations was required by April 2005.

Final HIPAA unique health identifier standards for healthcare providers were published in January 2004, with an effective date of May 23, 2005. These standards required facilities to obtain a national provider identifier and to begin using this identifier by May 23, 2007.

The Health Information Technology for Economic and Clinical Health Act (“HITECH Act”), enacted as part of the American Recovery and Reinvestment Act of 2009, was signed into law on February 17, 2009, to promote the adoption and meaningful use of health information technology. Subtitle D of the HITECH Act addresses, in part, the privacy and security concerns associated with the electronic transmission of health information through several provisions that strengthen the civil and criminal enforcement of the HIPAA rules. Subtitle D of the HITECH Act expanded the definition of “business associates”, expanded certain security obligations to business associates and established new breach notification requirements.

In 2009 final regulations were issued setting forth technical standards to secure electronic protected health information, and requiring both covered entities and their business associates to take steps to provide notification in the event of a breach in violation of the privacy rules. If the notification obligation is triggered, covered entities must notify individuals, the U.S. Department of Health and Human Services, and in some cases the media.

Final “omnibus” HIPAA regulations were issued in January 2013 with an effective date of March 26, 2013, modifying the privacy and security regulations to implement the HITECH Act and for other purposes. Covered entities that are subject to HIPAA were required to comply with the new rules by September 23, 2013. The rules made certain changes to the way covered entities handle protected health information, including changes to the breach notification regulations, requiring covered entities to modify their contracts with business associates and their notice of privacy practices, as well as providing for heightened governmental investigations of potential noncompliance. The omnibus final regulations also limit the sale of public health information, and the use of such information for marketing and fundraising activities.

HIPAA generally applies to a “health care provider” who or which transmits health information in electronic form. An assisted living facility is generally responsible for providing certain resident services that include, room, board, housekeeping, and personal care. A facility that only provides such services would generally fall outside of the definition of “health care provider” under HIPAA. However, if an assisted living facility is providing additional

services, such as nursing, physical therapy, occupational therapy, speech therapy, medical supplies and equipment, or home health services, it could be considered a “health care provider” subject to HIPAA. In addition, if an assisted living facility contracts with other providers and obtains protected health information, it could be considered a “business associate” under HIPAA. The final “omnibus” HIPAA regulations make business associates directly liable for violations of the HIPAA privacy and security requirements. “Covered” assisted living facilities must protect against reasonably anticipated threats or hazards to the security of such information and the unauthorized use or disclosure of such information.

Failure to comply with HIPAA may result in civil and criminal penalties. Minimum civil penalties for a single violation of the regulations range from \$100 for unknowing violations, to \$50,000 for willful neglect and failure to correct the violation. However, a maximum discretionary penalty of up to \$50,000 for any violation may be imposed, even where the covered entity had no knowledge of the violation. The maximum penalty for all violations of an identical provision of the regulations in the same calendar year is \$1.5 million.

Regulatory Changes.

There continue to be state legislative proposals that would reduce or impose more limitations on government and private payments to providers of healthcare services, such as assisted living facilities. For example, the repeal of the Boren Amendment effected by the Balanced Budget Act eased existing impediments on the states’ ability to reduce their Medicaid reimbursement levels. Many states have enacted or are considering enacting measures that are designed to reduce their Medicaid expenditures and to make certain changes to private healthcare insurance.

The Fair Pay Rules, promulgated by the United States Department of Labor and effective August 23, 2004, provide for guaranteed overtime for certain workers and may result in additional expenses incurred by the mortgaged real properties.

Increased Health Fraud Enforcement Efforts.

The Deficit Reduction Act of 2005 (the “DRA”) established the Medicaid Integrity Program, a health fraud enforcement program targeting Medicaid fraud specifically. This initiative has increased anti-fraud efforts.

The law required HHS to devise a five-year plan for combating waste, fraud and abuse, and ordered CMS to create a Medicaid program integrity oversight board to “identify vulnerabilities” in the program and develop strategies to minimize them. CMS was also required to hire a Medicaid chief financial officer, and significantly increase the number of employees solely devoted to improving Medicaid program integrity. The DRA also requires organizations that receive \$5 million or more in Medicaid payments to train their work force on the federal False Claims Act and its whistleblower provisions. According to the law, organizations doing business with Medicaid, such as assisted living facilities (in some states), must craft written policies and procedures for training all employees and contractors on the laws designed to prevent and detect health fraud, and its whistleblower provisions. The statute also encourages states to pass their own false claims laws by giving states a larger share of the money recovered from these cases if the United States Office of Inspector General has judged the state’s false claim act to meet certain enumerated requirements. A majority of states, including all states in which the mortgaged real properties are located, already have false claims laws. The effect of the DRA may be to create more whistleblowers.

The ACA included a number of provisions intended to enhance health fraud enforcement programs, including clarifying the language of the anti-kickback statute, clarifying that a violation of the anti-kickback statute is a basis for a federal False Claims Act suit, imposing mandatory repayments of Medicare and Medicaid overpayments, expanding the Recovery Audit Contractor Program, authorizing the suspension of payment to providers based on credible evidence of fraud, and increasing budget allocations for anti-fraud and anti-abuse enforcement.

Risks Relating to State Regulations and Initiatives.

Assisted living facilities are regulated primarily by the states. Certain states may have “certificate of need” laws or similar licensing laws that place limitations on the ability of an assisted living facility to expand services and facilities, make capital expenditures and otherwise make changes in operations based on a determination by the state regulatory agency of the public “need” for such services, and may also have the effect of restricting competition. In states that have no certificate of need laws or that set relatively high dollar-level thresholds for review of

expenditures, competition in the form of new services, facilities and capital spending is more prevalent. To the extent that certificates of need or other similar approvals such as licensing approvals are required for the opening of a facility or the expansion of the operations of a facility, such opening or expansion could be adversely affected by the failure or inability to obtain the necessary approvals.

State certificates of need or similar licensing laws may also have the effect of disrupting government reimbursement to the mortgaged real properties. In some cases, assisted living facilities that are deemed to have had a change of ownership by virtue of the acquisition of the mortgaged real properties by the related borrowers and the operation and management of such mortgaged real properties by the related property manager, were required to obtain new licenses. The period required to obtain licensure can range from a few months to more than a year depending on the state licensure process. See “Risk Factors—The Inability To Maintain Licensure May Adversely Impact Revenue; License Requirements May Adversely Affect the Rights of the Issuing Entity to Realize on the Properties” in this information circular.

Transfers of Assisted Living Facilities.

The states in which the assisted living facilities are located generally require that these facilities be licensed in order to operate. States may also require that the owner and/or prospective transferee of an assisted living facility notify the state of an impending transfer. Moreover, any prospective transferee may be required to obtain the necessary licenses to operate an assisted living facility prior to commencing operation of the facility. For instance, if the issuing entity forecloses upon a mortgaged real property, the issuing entity, or a servicer or property manager on its behalf, may need to obtain certain licenses before the issuing entity, or a servicer or property manager on its behalf, can operate the related assisted living facility.

Corporate Practice of Medicine, Fee Splitting

Some of the states in which certain of the assisted living facilities operate may have laws that prohibit corporations and other entities from employing physicians and practicing medicine for a profit or that prohibit certain direct and indirect payments or fee splitting arrangements between healthcare providers that are designed to induce or encourage the referral of patients to, or the recommendation of, particular providers for medical products and services. Possible sanctions for violation of these restrictions include loss of license and civil and criminal penalties. These statutes vary from state to state, are often vague and have seldom been interpreted by the courts or regulatory agencies. We cannot assure you that (i) governmental officials charged with responsibility for enforcing these laws will not assert that an assisted living facility or certain transactions in which it is involved are in violation of such laws and (ii) state laws will ultimately be interpreted by the courts in a manner consistent with the practices of each assisted living facility.

It is possible that governmental entities could initiate investigations or litigation in the future directed at an assisted living facility and that such matters could result in significant penalties to the operators of the assisted living facilities, as well as adverse publicity. It is also possible that the executives and managers could be included in governmental investigations or litigation or named as defendants in private litigation. The positions taken by authorities in any such matters relating to the assisted living facilities, their executives or managers or other healthcare providers and the liabilities or penalties that may be imposed could have a material adverse effect on the mortgaged real properties’ financial condition and results of operations.

Antitrust Laws

The antitrust divisions of federal and state governments have been increasing their investigations of arrangements between providers and joint ventures entered into by healthcare providers. These investigations have examined arrangements to determine whether the parties have engaged in predatory or unreasonably exclusionary conduct violative of the antitrust laws, including the Sherman Act. The Federal Trade Commission has even formulated Statements of Antitrust Enforcement Policy in the Health Care Area which provide the analytical framework for assessing possible antitrust problems, especially in joint venture arrangements. Although the policy provides for certain antitrust safety zones, healthcare providers, including assisted living facilities, may be subject to investigation and sanctions if their arrangements are found to be anti-competitive under state or federal law.

DESCRIPTION OF THE SERIES 2014-KS02 CERTIFICATES

General

The series 2014-KS02 certificates will be issued, on or about May 23, 2014, pursuant to a pooling and servicing agreement, to be dated as of May 1, 2014, among the depositor, the trustee, the custodian, the certificate administrator, the master servicer, the special servicer and Freddie Mac. They will represent the entire beneficial ownership interest of the issuing entity. The assets of the issuing entity will include:

- the underlying mortgage loans;
- any and all payments under and proceeds of the underlying mortgage loans received after their respective due dates in May 2014, in each case exclusive of payments of principal, interest and other amounts due on or before that date and exclusive of any fees paid or payable to Freddie Mac in connection with any pre-approved servicing request with respect to an underlying mortgage loan set forth in the series 2014-KS02 pooling and servicing agreement;
- the loan documents for the underlying mortgage loans;
- our rights under the mortgage loan purchase agreement;
- any REO Properties acquired by the issuing entity with respect to defaulted underlying mortgage loans; and
- those funds or assets as from time to time are deposited in the master servicer's collection account described under "The Series 2014-KS02 Pooling and Servicing Agreement—Collection Accounts" in this information circular, the special servicer's REO account described under "The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—REO Properties" in this information circular, the certificate administrator's distribution account described under "—Distribution Account" below or the Initial Interest Reserve Account maintained by certificate administrator described under "—Initial Interest Reserve Account" below.

The series 2014-KS02 certificates will include the following classes:

- the class A certificates and the class X certificates, which are the classes of series 2014-KS02 certificates that are offered by this information circular and have the benefit of the Freddie Mac Guarantee; and
- the class B, C and R certificates, which are the classes of series 2014-KS02 certificates that—
 1. will be retained or privately placed by us;
 2. are not offered by this information circular; and
 3. do not have the benefit of the Freddie Mac Guarantee.

The class A, B and C certificates are the series 2014-KS02 certificates that will have principal balances. The series 2014-KS02 certificates with principal balances constitute the series 2014-KS02 principal balance certificates. The outstanding principal balance of any of these certificates will represent the total distributions of principal to which the holder of the certificate is entitled over time out of payments, or advances in lieu of payments, and other collections on the assets of the issuing entity or, with respect to the offered certificates, the Freddie Mac Guarantee. Accordingly, on each distribution date, the outstanding principal balance of each of these certificates will be permanently reduced by any principal distributions actually made with respect to the certificates on that distribution date, including any Balloon Guarantor Payment. See "—Distributions" below. On any particular distribution date, the outstanding principal balance of each of these certificates may also be permanently reduced, without any corresponding distribution, in connection with losses on the underlying mortgage loans and default-related and otherwise unanticipated issuing entity expenses. See "—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses" below.

The class X and R certificates will not have principal balances, and the holders of those certificates will not be entitled to receive distributions of principal. However, for purposes of calculating the accrual of interest as of any date of determination, the class X certificates will have a notional amount that is equal to the total outstanding principal balances of the principal balance certificates for such date.

In general, outstanding principal balances and notional amounts will be reported on a class-by-class basis. In order to determine the outstanding principal balance or notional amount of any of the offered certificates from time to time, you may multiply the original principal balance or notional amount of that certificate as of the date of initial issuance of the series 2014-KS02 certificates, as specified on the face of that certificate, by the then-applicable certificate factor for the relevant class. The certificate factor for any class of offered certificates, as of any date of determination, will equal a fraction, expressed as a percentage, the numerator of which will be the then-outstanding principal balance or notional amount of that class, and the denominator of which will be the original principal balance or notional amount of that class. Certificate factors will be reported monthly in the certificate administrator's report.

Registration and Denominations

The Offered Principal Balance Certificates will be issued to Freddie Mac in physical form in original denominations of \$10,000 initial principal balance and any whole dollar denomination in excess of \$10,000. The class X certificates will be issued to Freddie Mac in physical form in original denominations of \$100,000 initial notional amount and any whole dollar denomination in excess of \$100,000.

Distribution Account

General. The certificate administrator must establish and maintain an account in which it will hold funds pending their distribution on the series 2014-KS02 certificates and from which it will make those distributions. That distribution account must be maintained in a manner and with a depository institution that meets the requirements of the series 2014-KS02 pooling and servicing agreement and satisfies NRSRO standards for securitizations similar to the one involving the offered certificates. Funds held in the certificate administrator's distribution account may be held in cash or, at the certificate administrator's risk, invested in Permitted Investments. Subject to the limitations in the series 2014-KS02 pooling and servicing agreement, any interest or other income earned on funds in the certificate administrator's distribution account will be paid to the certificate administrator as additional compensation.

Deposits. On the business day prior to each distribution date (the "Remittance Date"), the master servicer will be required to remit to the certificate administrator for deposit in the distribution account the following funds:

- All payments and other collections on the underlying mortgage loans and any REO Properties in the issuing entity on deposit in the master servicer's collection account as of close of business on the second business day prior to the Remittance Date, exclusive of any portion of those payments and other collections that represents one or more of the following:
 1. monthly debt service payments due on a due date subsequent to the end of the related Collection Period;
 2. payments and other collections received after the end of the related Collection Period;
 3. amounts that are payable or reimbursable from the master servicer's collection account to any person other than the series 2014-KS02 certificateholders, in accordance with the terms of the series 2014-KS02 pooling and servicing agreement, including—
 - (a) amounts payable to the master servicer (or a sub-servicer) or the special servicer as compensation, including master servicing fees, sub-servicing fees, special servicing fees, work-out fees, liquidation fees, assumption fees, assumption application fees, modification fees, extension fees, consent fees, waiver fees, earnout fees and similar charges and, to the extent not otherwise applied to cover interest on advances and/or other Additional Issuing

Entity Expenses with respect to the related underlying mortgage loan, Default Interest and late payment charges, or as indemnification;

- (b) amounts payable to the master servicer (for itself or on behalf of certain indemnified sub-servicers) and the special servicer;
- (c) amounts payable in reimbursement of outstanding advances, together with interest on those advances; and
- (d) amounts payable with respect to other issuing entity expenses including, without limitation, fees, expenses and indemnities of the trustee and the certificate administrator/custodian (including interest on such amounts, if applicable, and subject to the Trustee Aggregate Annual Cap, the Certificate Administrator/Custodian Aggregate Annual Cap and the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap, as applicable);

4. net investment income on the funds in the master servicer's collection account; and

5. amounts deposited in the master servicer's collection account in error.

- Any advances of delinquent monthly debt service payments made by the master servicer with respect to that distribution date.
- Any payments made by the master servicer to cover Prepayment Interest Shortfalls incurred during the related Collection Period.

See “—Advances of Delinquent Monthly Debt Service Payments” below and “The Series 2014-KS02 Pooling and Servicing Agreement—Collection Accounts” and “—Servicing and Other Compensation and Payment of Expenses” in this information circular.

With respect to the distribution date that occurs during June 2014, the certificate administrator will be required to transfer from the Initial Interest Reserve Account described under “—Initial Interest Reserve Account” below, to the distribution account the Initial Interest Reserve Deposit Amount that is then being held in that Initial Interest Reserve Account.

The certificate administrator will be authorized, but will not be obligated, to invest or direct the investment of funds held in its distribution account and Initial Interest Reserve Account in Permitted Investments. It will be—

- entitled to retain any interest or other income earned on those funds; and
- required to cover any losses of principal of those investments from its own funds, but the certificate administrator is not required to cover any losses caused by the insolvency of the depository institution or trust company holding such account so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the series 2014-KS02 pooling and servicing agreement at the time such investment was made and (b) is neither the certificate administrator nor an affiliate of the certificate administrator and (ii) such insolvency occurs within thirty (30) days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the series 2014-KS02 pooling and servicing agreement.

Withdrawals. The certificate administrator may from time to time make withdrawals from its distribution account for any of the following purposes without regard to the order below:

- without duplication, to pay (a) itself monthly certificate administrator fees, and to the trustee, monthly trustee fees, each as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Matters Regarding the Trustee, the Certificate Administrator and the Custodian” in this information circular and (b) CREFC® any accrued and unpaid CREFC® Intellectual Property Royalty License Fee;

- to reimburse and pay to the trustee and the master servicer, in that order, for outstanding and unreimbursed nonrecoverable advances and accrued and unpaid interest on such amounts, to the extent it or the master servicer is not reimbursed from the collection account;
- to reimburse the guarantor for any unreimbursed Balloon Guarantor Payment, together with any related Timing Guarantor Interest, from collections on any underlying mortgage loan as to which any such Balloon Guarantor Payment was made (net of any such amount used to reimburse the master servicer or the trustee for advances, together with interest on such amounts);
- to pay the guarantor the Guarantee Fee;
- without duplication, to pay indemnity amounts to itself, the custodian, the trustee, the depositor, the master servicer (including on behalf of certain indemnified sub-servicers), the special servicer and various related persons, subject to the relevant Aggregate Annual Caps, as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Certain Indemnities” in this information circular;
- to pay for any opinions of counsel required to be obtained in connection with any amendments to the series 2014-KS02 pooling and servicing agreement, to the extent that the issuing entity is responsible for the cost of such opinions of counsel in accordance with the terms of the series 2014-KS02 pooling and servicing agreement and, if applicable, to pay for the fees of the trustee for confirming the special servicer’s determination of Fair Value of a Defaulted Loan;
- to pay any federal, state and local taxes imposed on the issuing entity, its assets and/or transactions, together with all incidental costs and expenses, including such taxes, that are required to be borne by the issuing entity as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—REO Properties” in this information circular; and
- to pay any amounts deposited in the distribution account in error to the person entitled to them.

On each distribution date, all amounts on deposit in the certificate administrator’s distribution account, exclusive of any portion of those amounts that are to be withdrawn for the purposes contemplated in the foregoing paragraph, will be applied by the certificate administrator on each distribution date to make distributions on the series 2014-KS02 certificates and to the guarantor (with respect to the Guarantor Reimbursement Amounts). Generally, for any distribution date, such amounts will be distributed to holders of the series 2014-KS02 certificates in two (2) separate components:

- those funds, referred to in this information circular as the Available Distribution Amount, which will be paid to the holders of all the series 2014-KS02 certificates and the guarantor, who is entitled to the Guarantee Fee, as described under “—Distributions—Priority of Distributions” below; and
- the portion of those funds that represent Static Prepayment Premiums collected on the underlying mortgage loans during the related Collection Period, which will be paid to the holders of the class X certificates, as described under “—Distributions—Distributions of Static Prepayment Premiums” below.

The certificate administrator will be required to pay to CREFC[®] out of amounts on deposit in the distribution account maintained by the certificate administrator, to the extent sufficient funds are on deposit in the distribution account maintained by the certificate administrator, the CREFC[®] Intellectual Property Royalty License Fee in accordance with the terms of the series 2014-KS02 pooling and servicing agreement on a monthly basis, solely from funds on deposit in the distribution account maintained by the certificate administrator. Upon receipt of a request from CREFC[®], the certificate administrator will provide CREFC[®] with a report that shows the calculation of the CREFC[®] Intellectual Property Royalty License Fee for the period requested by CREFC[®].

Initial Interest Reserve Account

The certificate administrator must maintain an account, accounts or subaccount (the “Initial Interest Reserve Account”) in which it will hold the Initial Interest Reserve Deposit Amount described in the next paragraph. The Initial Interest Reserve Account must be maintained in a manner and with a depository that satisfies the requirements set forth in the series 2014-KS02 pooling and servicing agreement.

On the Closing Date, Freddie Mac will cause funds to be deposited into the Initial Interest Reserve Account, in an amount equal to two (2) days of interest at the Net Mortgage Interest Rate with respect to each underlying mortgage loan (the “Initial Interest Reserve Deposit Amount”), and the Initial Interest Reserve Deposit Amount will be transferred from the Initial Interest Reserve Account to the distribution account to be included in the Available Distribution Amount for the distribution date in June 2014.

The funds held in Initial Interest Reserve Account may be held in cash or, at the risk of the certificate administrator, invested in Permitted Investments. Subject to the limitations in the series 2014-KS02 pooling and servicing agreement, any interest or other income earned on funds in the Initial Interest Reserve Account may be withdrawn from the Initial Interest Reserve Account and paid to the certificate administrator as additional compensation.

The certificate administrator will be required to deposit in the Initial Interest Reserve Account the amount of any losses of principal arising from investments of funds held in the Initial Interest Reserve Account, but the certificate administrator is not required to cover any losses caused by the insolvency of the depository institution or trust company holding the Initial Interest Reserve Account so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the series 2014-KS02 pooling and servicing agreement at the time such investment was made and (b) is neither the certificate administrator nor an affiliate of the certificate administrator and (ii) such insolvency occurs within thirty (30) days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the series 2014-KS02 pooling and servicing agreement, *provided, however*, that the foregoing exculpation will not be deemed to relieve the certificate administrator from any obligations that arise from it or an affiliate acting as the depository institution or trust company holding such accounts, including, without limitation, any obligation of the certificate administrator to cover losses on such accounts held by it or by an affiliate.

Fees and Expenses

The amounts available for distribution on the certificates on any distribution date will generally be net of the following amounts which are payable to the master servicer, the special servicer, the trustee, the certificate administrator, the custodian or the guarantor, as applicable:

<u>Type/Recipient</u>	<u>Amount</u>	<u>Frequency</u>	<u>Source of Funds</u>
<u>Fees</u>			
Master Servicing Fee and Sub-Servicing Fee / Master Servicer	the Stated Principal Balance of each underlying mortgage loan multiplied by 0.0200% (such fee is calculated using the same interest accrual basis of such underlying mortgage loan) and the Stated Principal Balance of each underlying mortgage loan multiplied by the applicable sub-servicing fee rate (such fee is calculated using the same interest accrual basis of such underlying mortgage loan)	monthly	interest payments on related loan or, with respect to liquidated loans, general collections if liquidation proceeds are not sufficient
Additional Servicing Compensation / Master Servicer	<ul style="list-style-type: none"> all late payment fees and default interest (other than on Specially Serviced Mortgage Loans) not used to pay interest on advances and certain Additional Issuing Entity Expenses with respect to the related mortgage loans 	from time to time	the related fee
	<ul style="list-style-type: none"> 50% of commercially reasonable fees actually paid by the related borrower on modifications, extensions, earnouts, consents and other actions for non-Specially Serviced Mortgage Loans, which require the consent of, or review by, the special servicer and 100% of such fees for non-Specially Serviced Mortgage Loans not requiring such consent or review 	from time to time	the related fee
	<ul style="list-style-type: none"> 60% of assumption application fees, assumption fees and related fees on non-Specially Serviced Mortgage Loans when received from the borrower for such purpose 	from time to time	the related fee
	<ul style="list-style-type: none"> all investment income earned on amounts on deposit in the collection account and certain escrow and reserve accounts 	monthly	investment income

Type/Recipient	Amount	Frequency	Source of Funds
Special Servicing Fee / Special Servicer	the Stated Principal Balance of each Specially Serviced Mortgage Loan multiplied by 0.2500% (such fee is calculated using the same interest accrual basis of such underlying mortgage loan)	monthly	general collections
Workout Fee / Special Servicer	1.0% of each collection of principal and interest on each Corrected Mortgage Loan	monthly	the related collections of principal and interest
Liquidation Fee / Special Servicer	1.0% of each recovery of net Liquidation Proceeds, except as specified under “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses” in this information circular	upon receipt of Liquidation Proceeds	the related Liquidation Proceeds
Additional Special Servicing Compensation / Special Servicer	<ul style="list-style-type: none"> all late payment fees and net default interest (on Specially Serviced Mortgage Loans) not used to pay interest on advances and certain Additional Issuing Entity Expenses with respect to the related mortgage loans 	from time to time	the related fee
	<ul style="list-style-type: none"> 50% of commercially reasonable fees actually paid by the related borrower on modifications, extensions, earnouts, consents and other actions for non-Specially Serviced Mortgage Loans, which require the consent of, or review, by the special servicer and 100% of such fees on Specially Serviced Mortgage Loans 	from time to time	the related fee
	<ul style="list-style-type: none"> 40% of assumption application fees, assumption fees and related fees on non-Specially Serviced Mortgage Loans and 100% of such fees on Specially Serviced Mortgage Loans, when received from the borrower for such purpose 	from time to time	the related fee
	<ul style="list-style-type: none"> all investment income received on funds in any REO account 	from time to time	investment income
Trustee Fee / Trustee	0.0020% multiplied by the Stated Principal Balance of the underlying mortgage loans (such fee is calculated using the same interest accrual basis as each underlying mortgage loan)	monthly	general collections

Type/Recipient	Amount	Frequency	Source of Funds
Certificate Administrator Fee / Certificate Administrator	0.0030% multiplied by the Stated Principal Balance of the underlying mortgage loans (such fee is calculated using the same interest accrual basis as each underlying mortgage loan)	monthly	general collections
Guarantee Fee / Guarantor	0.7000% multiplied by the outstanding principal balance of the class A certificates (calculated on an Actual/360 Basis)	monthly	general collections
CREFC [®] Intellectual Property Royalty License Fee / CREFC [®]	0.0005% multiplied by the aggregate outstanding principal balance of the class B and C certificates (calculated on an Actual/360 Basis)	monthly	general collections
<u>Expenses</u>			
Servicing Advances / Master Servicer and Trustee	to the extent of funds available, the amount of any Servicing Advances	from time to time	collections on the related loan, or if not recoverable, from general collections
Interest on Servicing Advances / Master Servicer and Trustee	at Prime Rate	when advance is reimbursed	first from default interest/late payment fees, then from general collections
P&I Advances / Master Servicer and Trustee	to the extent of funds available, the amount of any P&I Advances	from time to time	collections on the related loan, or if not recoverable, from general collections
Interest on P&I Advances / Master Servicer and Trustee	at Prime Rate	when advance is reimbursed	first from default interest/late payment fees, then from general collections
Indemnification Expenses / Depositor, Trustee, Certificate Administrator/Custodian, Master Servicer and Special Servicer	amounts for which the depositor, the trustee, the certificate administrator/custodian, the master servicer (for itself or on behalf of certain indemnified sub-servicers) and the special servicer are entitled to indemnification, in each case, up to the related Aggregate Annual Cap (if any) in each calendar year until paid in full	from time to time	general collections
Interest on Unreimbursed Indemnification Expenses / Depositor, Trustee, Custodian, Certificate Administrator, Master Servicer and Special Servicer	at Prime Rate	when Unreimbursed Indemnification Expenses are reimbursed	general collections

Distributions

General. On each distribution date, the certificate administrator will, subject to the applicable available funds and the exception described in the next sentence, make all distributions required to be made on the series 2014-KS02 certificates on that date to the holders of record as of the close of business on the last business day of the calendar month preceding the month in which those distributions are to be made. The final distribution of principal and/or interest on any offered certificate, however, will be made only upon presentation and surrender of that certificate at the location to be specified in a notice of the pendency of that final distribution.

Distributions made to a class of series 2014-KS02 certificateholders will be allocated among those certificateholders in proportion to their respective percentage interests in that class.

Interest Distributions. All of the classes of the series 2014-KS02 certificates will bear interest, except for the class R certificates.

With respect to each interest-bearing class of the series 2014-KS02 certificates, that interest will accrue on an Actual/360 Basis during each Interest Accrual Period based upon:

- the pass-through rate with respect to that class for that Interest Accrual Period; and
- the outstanding principal balance or notional amount, as the case may be, of that class outstanding immediately prior to the related distribution date.

On each distribution date, subject to the Available Distribution Amount for that date and the distribution priorities described under “—Priority of Distributions” below and, in the case of the offered certificates, subject to the Freddie Mac Guarantee, the holders of each interest-bearing class of the series 2014-KS02 certificates will be entitled to receive—

- the total amount of interest accrued during the related Interest Accrual Period, as described in the prior paragraph, with respect to that class of certificates, reduced (to not less than zero) by
- the total portion of any Net Aggregate Prepayment Interest Shortfall for that distribution date that is allocable to that class of series 2014-KS02 certificates.

If the holders of any interest-bearing class of the series 2014-KS02 certificates do not receive all of the interest to which they are entitled on any distribution date, as described in the prior two paragraphs (including by means of a Guarantor Payment), then they will continue to be entitled to receive the unpaid portion of that interest on future distribution dates (such unpaid amount being referred to as “Unpaid Interest Shortfall”), subject to the Available Distribution Amount for those future distribution dates and the distribution priorities described below.

The portion of any Net Aggregate Prepayment Interest Shortfall for any distribution date that is allocable to reduce the current accrued interest then payable with respect to any particular interest-bearing class of the series 2014-KS02 certificates will be allocated to the class A, X, B and C certificates based on the amount of interest (exclusive of any applicable Additional Interest Accrual Amounts) to which such classes are entitled for such distribution date based on their respective pass-through rates.

Notwithstanding any of the foregoing, such Net Aggregate Prepayment Interest Shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee.

If, for any distribution date, with respect to the class B and C certificates, the Weighted Average Net Mortgage Pass-Through Rate minus the CREFC[®] Intellectual Property Royalty License Fee Rate, in each case, is less than LIBOR plus the specified margin for such class of principal balance certificates, such class will be entitled to an Additional Interest Accrual Amount for such class and such Interest Accrual Period, to the extent funds are available therefor, as described below.

The Additional Interest Accrual Amount distributed on the class B or C certificates, as applicable, for any distribution date may not exceed the excess, if any, of (x) the Class X Interest Accrual Amount for the related

Interest Accrual Period, over (y) the aggregate amount of Additional Interest Accrual Amounts distributable with respect to all classes entitled to Additional Interest Accrual Amounts on such distribution date that are more senior to such class in right of payment.

Any Aggregate Additional Interest Distribution Amount for a distribution date is required to be paid to the class B and C certificates, in that sequential order, up to the amount of Additional Interest Accrual Amount to which such class is entitled on such distribution date.

The amount of interest payable to the class X certificates on any distribution date will be the Class X Interest Distribution Amount. The “Class X Interest Distribution Amount” means, for each distribution date, the sum of (a) the excess, if any, of the Class X Interest Accrual Amount for such distribution date over the aggregate of the Additional Interest Accrual Amounts, if any, for the class B and C certificates with respect to such distribution date, and (b) the amount described in clause (a) above for all prior distribution dates that remains unpaid on such distribution date.

To the extent that funds are not available to pay any Additional Interest Accrual Amounts on any distribution date on the class B or C certificates, such Additional Interest Accrual Amounts will be distributable on future distribution dates as an Additional Interest Shortfall Amount with respect to such class or classes.

Calculation of Pass-Through Rates. Each class identified in the table on page 5 as having a pass-through rate of LIBOR plus a specified margin has a *per annum* pass-through rate equal to the lesser of—

- (i) LIBOR plus the specified margin for that class set forth in that table; and
- (ii) (a) with respect to the class A certificates, the Weighted Average Net Mortgage Pass-Through Rate for the related distribution date minus the Guarantee Fee Rate and (b) with respect to the class B and C certificates, the Weighted Average Net Mortgage Pass-Through Rate for the related distribution date minus the CREFC[®] Intellectual Property Royalty License Fee Rate.

The pass-through rate for each such class is a floating rate based upon LIBOR. After the initial Interest Accrual Period, LIBOR for such certificates is determined in the same manner and on the same date as LIBOR is determined for the underlying mortgage loans, as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Mortgage Interest Rates; Calculations of Interest” in this information circular.

The pass-through rate for the class X certificates for any Interest Accrual Period will equal the weighted average of the Class X Strip Rates (weighted based upon the relative sizes of their respective components). The “Class X Strip Rates” means, for the purposes of calculating the pass-through rate for the class X certificates, the rates *per annum* at which interest accrues from time to time on the three (3) components of the notional amount of the class X certificates outstanding immediately prior to the related distribution date. For each class of principal balance certificates, the class X certificates will have a component that will have a notional amount equal to the principal balance of that class of certificates. For purposes of calculating the pass-through rate for the class X certificates for each Interest Accrual Period, (a) the applicable Class X Strip Rate with respect to the component related to the class A certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for such distribution date minus the Guarantee Fee Rate, over (ii) the pass-through rate for the class A certificates; and (b) the applicable Class X Strip Rate with respect to the components related to the class B or C certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for such distribution date minus the CREFC[®] Intellectual Property Royalty License Fee Rate over (ii) the pass-through rate for the class B or C certificates, as applicable. In no event may any Class X Strip Rate be less than zero.

The class R certificates will not be interest-bearing and, therefore, will not have a pass-through rate.

Principal Distributions. Subject to the Available Distribution Amount and the priority of distributions described under “—Priority of Distributions” below, the total amount of principal payable with respect to the series 2014-KS02 principal balance certificates on each distribution date will equal the Principal Distribution Amount for that distribution date.

The certificate administrator must make *pro rata* principal distributions, so long as no Waterfall Trigger Event has occurred and is continuing, on the class A, B and C certificates, based on their respective outstanding principal balances relative to the total outstanding principal balances of the certificates and taking account of whether the payments (or advances in lieu of the payments) and other collections of principal that are to be distributed were received and/or made with respect to the underlying mortgage loans, that generally equal an amount (in any event, not to exceed the principal balance of the class A, B and C certificates outstanding immediately prior to the applicable distribution date) equal to the Performing Loan Principal Distribution Amount for such distribution date; *provided* that distributions to class B and C certificates will follow reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates. However, if a Waterfall Trigger Event has occurred and is continuing, the class A certificates will be entitled to the entire Performing Loan Principal Distribution Amount for each distribution date until the outstanding principal balance of the class A certificates has been reduced to zero. Thereafter, following reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates, the Performing Loan Principal Distribution Amount, or the remaining portion of it on the applicable distribution date will be allocated in sequential order to the class B and C certificates, in each case until their respective outstanding principal balances have been reduced to zero. Further, the class A certificates will always be entitled to the entire portion of the Specially Serviced Loan Principal Distribution Amount for each distribution date until the outstanding principal balance of the class A certificates has been reduced to zero, at which time, following reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates, the class B and C certificates will be entitled to receive, in that sequential order, any remaining portion of the Specially Serviced Loan Principal Distribution Amount, in each case until their respective outstanding principal balances have been reduced to zero.

If the master servicer or the trustee is reimbursed for any Nonrecoverable Advance or Workout-Delayed Reimbursement Amount (together with accrued interest on such amounts), such amount will be deemed to be reimbursed first out of payments and other collections of principal on all the underlying mortgage loans (thereby reducing the Principal Distribution Amount on the related distribution date), prior to being deemed reimbursed out of payments and other collections of interest on all the underlying mortgage loans. See “—Advances of Delinquent Monthly Debt Service Payments” below and “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this information circular.

Loss Reimbursement Amounts. As discussed under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below, the outstanding principal balance of any class of series 2014-KS02 principal balance certificates may be reduced without a corresponding distribution of principal. If that occurs with respect to any class of series 2014-KS02 principal balance certificates, then, subject to the Freddie Mac Guarantee in the case of the offered certificates and the Available Distribution Amount for each subsequent distribution date and the priority of distributions described below, the holders of that class will be entitled to be reimbursed for the amount of that reduction, without interest. References to “loss reimbursement amount” in this information circular mean, in the case of any class of series 2014-KS02 principal balance certificates, for any distribution date, the total amount to which the holders of that class are entitled as reimbursement for all previously unreimbursed reductions, if any, made in the outstanding principal balance of that class on all prior distribution dates as discussed under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” below.

Freddie Mac Guarantee. On each distribution date following the receipt from the certificate administrator of a statement to certificateholders that indicates a Deficiency Amount for any class of offered certificates for such distribution date, the guarantor will distribute the related Guarantor Payment in an aggregate amount equal to the Deficiency Amount for such class of offered certificates for such distribution date directly to the holders of such class of certificates, without first depositing such amount in the collection account or distribution account. Any Guarantor Payment made to the Offered Principal Balance Certificates in respect of a Deficiency Amount relating to principal (but not in respect of reimbursement of Realized Losses or Additional Issuing Entity Expenses) will reduce the outstanding principal balance of such class by a corresponding amount and will also result in a corresponding reduction in the notional amount of the corresponding component of the class X certificates. On each distribution date on which a Guarantor Payment is due with respect to any class of offered certificates, the guarantor is required to notify the certificate administrator, the trustee, the master servicer and the special servicer that such Guarantor Payment has been made in full (or if such Guarantor Payment was not paid in full, the amount that was unpaid), and specifying the amount of such Guarantor Payment made to the offered certificates. The Freddie Mac Guarantee does

not cover any Static Prepayment Premiums or any other prepayment fees or charges related to the underlying mortgage loans. In addition, the Freddie Mac Guarantee does not cover any loss of yield on the class X certificates due to the payment of Additional Interest Distribution Amounts to the class B and C certificates or a reduction in the notional amount of its corresponding component resulting from a reduction of the outstanding principal balance of any class of principal balance certificates. In addition, Freddie Mac will be entitled to a Guarantee Fee equal to 0.7000% per annum multiplied by the outstanding principal balance of the class A certificates, calculated on an Actual/360 Basis. The Freddie Mac Guarantee is not backed by the full faith and credit of the United States. If the guarantor were unable to pay under the Freddie Mac Guarantee, the offered certificates could be subject to losses.

Priority of Distributions. On each distribution date, the certificate administrator will apply the Available Distribution Amount for that date to make the following distributions in the following order of priority, in each case to the extent of the remaining portion of the Available Distribution Amount:

Order of Distribution	Recipient	Type and Amount of Distribution
1 st	A and X	Interest up to the total interest distributable on those classes based on their respective pass-through rates (including Unpaid Interest Shortfalls from prior distribution dates), <i>pro rata</i> based on such entitlements to interest, <i>provided</i> that if the amount available for distribution pursuant to this priority 1 st on any distribution date is insufficient to pay in full such respective interest entitlements, then the amount available for distribution pursuant to this priority 1 st will be allocated to those classes on a <i>pari passu</i> basis in an amount equal to (a) in the case of the class A certificates, the lesser of (i) such amount available for distribution multiplied by a fraction whose numerator is that class's entitlement to interest as described in this priority 1 st for such distribution date and whose denominator is the sum of that class's entitlement to interest as described in this priority 1 st for such distribution date and the Class X Interest Distribution Amount for such distribution date and (ii) that class's entitlement to interest as described in this priority 1 st for such distribution date or (b) in the case of the class X certificates, the balance of such amount to be distributed, subject to the payment of Additional Interest Distribution Amounts, <i>provided</i> , further, that the amount distributable pursuant to this priority 1 st on the class X certificates will be distributed pursuant to the first full paragraph immediately following this table
2 nd	A	In the following order of priority: <i>first</i> , (x) so long as no Waterfall Trigger Event has occurred and is continuing, the <i>pro rata</i> share of Performing Loan Principal Distribution Amounts such class is entitled to receive based on that class's outstanding principal balance relative to the total outstanding principal balances of the certificates, up to the total Performing Loan Principal Distribution Amount distributable on the class A certificates or (y) if a Waterfall Trigger Event has occurred and is continuing, up to the Performing Loan Principal Distribution Amount, and <i>second</i> , up to the Specially Serviced Loan Principal Distribution Amount, if any; in each case, until the outstanding principal balance of such class has been reduced to zero
3 rd	A	Reimbursement up to the loss reimbursement amounts, if any, for such class, based on the loss reimbursement amounts for such class
4 th	Guarantor	Any Guarantor Reimbursement Amounts relating to the offered certificates, other than Guarantor Timing Reimbursement Amounts relating to the Offered Principal Balance Certificates
5 th	Guarantor	Any Guarantor Timing Reimbursement Amounts relating to the Offered Principal Balance Certificates (<i>provided</i> that on any distribution date, the amount distributable pursuant to this priority 5 th may not exceed the excess of (x) the remaining Available Distribution Amount over (y) the total interest distributable on the class B certificates on such distribution date pursuant to priority 6 th below) (any such excess on any such distribution date, the " <u>Maximum Guarantor Timing Reimbursement</u> ")
6 th	B	Interest up to the total interest distributable on that class (excluding Additional Interest Distribution Amounts)

Order of Distribution	Recipient	Type and Amount of Distribution
7 th	B	In the following order of priority: <i>first</i> , (x) so long as no Waterfall Trigger Event has occurred and is continuing, the <i>pro rata</i> share of Performing Loan Principal Distribution Amounts such class is entitled to receive based on that class's outstanding principal balance relative to the total outstanding principal balances of the certificates, up to the total Performing Loan Principal Distribution Amount distributable on that class or (y) if a Waterfall Trigger Event has occurred and is continuing, up to the Performing Loan Principal Distribution Amount remaining after the distribution of the Performing Loan Principal Distribution Amount pursuant to priority 2 nd above on such distribution date and <i>second</i> , up to the Specially Serviced Loan Principal Distribution Amount, if any, remaining after the distribution of the Specially Serviced Loan Principal Distribution Amount pursuant to priority 2 nd above on such distribution date; in each case, until the outstanding principal balance of such class has been reduced to zero
8 th	B	Reimbursement up to the loss reimbursement amount for that class
9 th	Guarantor	Any Guarantor Reimbursement Interest Amounts relating to the offered certificates
10 th	C	Interest up to the total interest distributable on that class (excluding Additional Interest Distribution Amounts)
11 th	C	In the following order of priority: <i>first</i> , (x) so long as no Waterfall Trigger Event has occurred and is continuing, the <i>pro rata</i> share of Performing Loan Principal Distribution Amounts such class is entitled to receive based on that class's outstanding principal balance relative to the total outstanding principal balances of the certificates, up to the total Performing Loan Principal Distribution Amount distributable on that class or (y) if a Waterfall Trigger Event has occurred and is continuing, up to the Performing Loan Principal Distribution Amount remaining after the distribution of the Performing Loan Principal Distribution Amount pursuant to priorities 2 nd and 7 th above on such distribution date and <i>second</i> , up to the Specially Serviced Loan Principal Distribution Amount, if any, remaining after the distribution of the Specially Serviced Loan Principal Distribution Amount pursuant to priorities 2 nd and 7 th above on such distribution date; in each case, until the outstanding principal balance of such class has been reduced to zero
12 th	C	Reimbursement up to the loss reimbursement amount for that class
13 th	B and C	Sequentially to the class B and C certificates, in that order, in an amount up to each such class's Additional Interest Shortfall Amount, if any, payable on such distribution date
14 th	R	Any remaining portion of the funds in the Lower-Tier REMIC or Upper-Tier REMIC

The amount of interest allocated on each distribution date for distribution on the class X certificates pursuant to priority 1st in the table above will be distributed in the following order of priority:

first, to the class X certificates in an amount up to the Class X Interest Distribution Amount,

second, in the following order of priority: (a) to the class B certificates, in an amount up to the amount of any shortfall in the amount distributed on such class on such distribution date pursuant to priority 6th, in the table above, and (b) to the class C certificates, up to the amount of any shortfall in the amount distributable to such class on such distribution date pursuant to priority 10th, *provided*, however, that in the event that there remains a shortfall in any amount payable to the Guarantor pursuant to priorities 4th, 5th or 9th in the table above (the "Outstanding Guarantor Reimbursement Amounts") on such distribution date, the lesser of (x) the amount of the shortfall payable on the class C certificates in this clause (b) without giving effect to this proviso and (y) the amount of any Outstanding Guarantor Reimbursement Amounts, will be payable to the Guarantor (which amount will be allocated to reduce the Outstanding Guarantor Reimbursement Amount in order of the priorities set forth in the table above)

third, sequentially to the class B and C certificates, in that order, in an amount up to each such class's Additional Interest Distribution Amount, if any, payable on such distribution date and

fourth, sequentially to the class B and C certificates, in that order, in an amount up to the amount of any shortfall in the amount of Additional Interest Shortfall Amount payable to such class on such distribution date pursuant to priority 13th in the table above.

Notwithstanding the foregoing, payments on the offered certificates will be covered by the Freddie Mac Guarantee, to the extent described in this information circular.

Subordination. As and to the extent described in this information circular, the rights of the holders of the class B certificates to receive distributions of amounts collected or advanced on the underlying mortgage loans will be subordinated to the rights of holders of the class A and X certificates. In addition, as and to the extent described in this information circular, the rights of the holders of the class C certificates to receive distributions of amounts collected or advanced on the underlying mortgage loans will be subordinated to the rights of holders of the class A, X and B certificates and the rights of the guarantor to be reimbursed for certain payments on the Guaranteed Certificates. See “—Priority of Distributions” above.

The credit support provided to the class A, X and B certificates, as and to the extent described above, by the subordination described above of the applicable classes of Subordinate Certificates is intended to enhance the likelihood of timely receipt by the holders of the more senior classes of the series 2014-KS02 certificates of the full amount of all interest payable in respect of such certificates on each distribution date, and the ultimate receipt by the holders of each class of series 2014-KS02 principal balance certificates of principal in an amount equal to the outstanding principal balance of such certificates, which subordination will be accomplished by the application of the Available Distribution Amount on each distribution date in accordance with the order of priority described above under “—Priority of Distributions” and by the allocation of Realized Losses and Additional Issuing Entity Expenses as described below under “—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses.”

Allocation to the class A certificates for so long as they are outstanding of the entire Principal Distribution Amount for each distribution date during the continuation of a Waterfall Trigger Event, and the allocation to the class A certificates of any Specially Serviced Loan Principal Distribution Amount for so long as the class A certificates are outstanding, will generally have the effect of reducing the outstanding principal balance of that class at a faster rate than would be the case if principal payments were allocated *pro rata* to all classes of certificates with outstanding principal balances. Thus, as principal is distributed to the holders of the class A certificates during the continuation of a Waterfall Trigger Event, and any Specially Serviced Loan Principal Distribution Amount is allocated to the holders of the class A certificates, the percentage interest in the issuing entity evidenced by such class will be decreased, with a corresponding increase in the percentage interest in the issuing entity evidenced by the applicable Subordinate Certificates. This will cause the outstanding principal balances of the class B and C certificates to decline more slowly thereby increasing, relative to their respective outstanding principal balances, the subordination afforded to the class A and X certificates by the applicable Subordinate Certificates. After the outstanding principal balance of each class of series 2014-KS02 principal balance certificates is reduced to zero, the allocation of principal as described above to the next most senior class of series 2014-KS02 principal balance certificates will have the same effects as described above on such class relative to the applicable Subordinate Certificates.

Distributions of Static Prepayment Premiums. If any Static Prepayment Premium is collected during any particular Collection Period in connection with the prepayment of any of the underlying mortgage loans, then the certificate administrator will be required to distribute that Static Prepayment Premium, on the distribution date corresponding to that Collection Period to the holders of the class X certificates.

As described under “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses” in this information circular, if any Static Prepayment Premiums are collected in connection with a liquidation of an underlying mortgage loan or REO Property, a liquidation fee may be payable on the amount collected.

We do not make any representation as to—

- the enforceability of any provision of the underlying mortgage loans requiring the payment of any prepayment consideration;

- whether or not such provision would be waived by holders representing a majority interest in the class X certificates (see “The Series 2014-KS02 Pooling and Servicing Agreement— Modifications, Waivers, Amendments and Consents” in this information circular); or
- the collectability of that prepayment consideration.

See “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Prepayment Provisions” in this information circular.

In no event will the holders of any offered certificates receive any Static Prepayment Premium or other prepayment consideration in connection with any repurchase of an underlying mortgage loan as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this information circular. In addition, the Freddie Mac Guarantee excludes the payment of any Static Prepayment Premium or other prepayment consideration.

Treatment of REO Properties

Notwithstanding that any mortgaged real property may be acquired as part of the issuing entity through foreclosure, deed-in-lieu of foreclosure or otherwise, the related underlying mortgage loan will be treated as having remained outstanding, until the REO Property is liquidated, for purposes of determining—

- distributions on the series 2014-KS02 certificates;
- allocations of Realized Losses and Additional Issuing Entity Expenses to the series 2014-KS02 certificates; and
- the amount of all fees payable to the master servicer, the special servicer, the certificate administrator and the trustee under the series 2014-KS02 pooling and servicing agreement.

In connection with the foregoing, the related underlying mortgage loan will be taken into account when determining the Weighted Average Net Mortgage Pass-Through Rate and the Principal Distribution Amount for each distribution date.

Operating revenues and other proceeds from an REO Property will be applied—

- *first*, to pay, or to reimburse the master servicer, the special servicer, the certificate administrator and/or the trustee for the payment of, any costs and expenses incurred in connection with the operation and disposition of the REO Property, and
- *thereafter*, as collections of principal, interest and other amounts due on the related underlying mortgage loan.

To the extent described under “—Advances of Delinquent Monthly Debt Service Payments” below, the master servicer and the trustee will be required to advance (subject to a nonrecoverability determination) delinquent monthly debt service payments with respect to each underlying mortgage loan as to which the corresponding mortgaged real property has become an REO Property, in all cases as if that underlying mortgage loan had remained outstanding.

Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses

As a result of Realized Losses and the application of principal collections on the underlying mortgage loans to pay Additional Issuing Entity Expenses, the total outstanding principal balance of the series 2014-KS02 principal balance certificates could exceed the total Stated Principal Balance of the mortgage pool. If this occurs following the distributions made to the series 2014-KS02 certificateholders on any distribution date, then the respective outstanding principal balances of the following classes of the series 2014-KS02 certificates are to be sequentially reduced in the following order, until the total outstanding principal balance of those classes of series 2014-KS02

certificates equals the total Stated Principal Balance of the mortgage pool that will be outstanding immediately following the subject distribution date; *provided* that the total Stated Principal Balance of the mortgage pool will be decreased, for this purpose only, by the amount of any unreimbursed Timing Guarantor Payments and increased, for this purpose only, by amounts of principal attributable to the mortgage pool previously used to reimburse nonrecoverable advances and certain advances related to rehabilitated mortgage loans, as described under “—Advances of Delinquent Monthly Debt Service Payments” below and “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses” in this information circular, other than any such amounts previously used to reimburse advances with respect to mortgage loans that have since become liquidated loans, that will be outstanding immediately following that distribution date.

Order of Allocation	Class
1 st	C
2 nd	B
3 rd	A

The above-described reductions in the outstanding principal balances of the respective classes of the series 2014-KS02 certificates identified in the foregoing table will represent an allocation of the Realized Losses and/or Additional Issuing Entity Expenses that caused the particular mismatch in balances between the underlying mortgage loans and those classes of series 2014-KS02 certificates. Notwithstanding the foregoing, Freddie Mac will be required under its guarantee to pay the holder of any offered certificates an amount equal to any such loss allocated to its offered certificate as described under “—Distributions—Freddie Mac Guarantee” above.

The loss, if any, in connection with the liquidation of a defaulted underlying mortgage loan, or related REO Property, held by the issuing entity will generally be an amount equal to the excess, if any, of:

- the outstanding principal balance of the subject mortgage loan as of the date of liquidation, together with all accrued and unpaid interest on the subject mortgage loan to but not including the due date in the Collection Period in which the liquidation occurred, exclusive, however, of any portion of that interest that represents Default Interest, and
- all related unreimbursed Servicing Advances (with interest) and unpaid liquidation expenses, over
- the total amount of liquidation proceeds, if any, recovered in connection with the liquidation that are available to pay interest (other than Default Interest) on and principal of the subject mortgage loan.

If any portion of the debt due under any of the underlying mortgage loans is forgiven, whether in connection with a modification, waiver or amendment granted or agreed to by the master servicer or the special servicer or in connection with the bankruptcy, insolvency or similar proceeding involving the related borrower, the amount forgiven, other than Default Interest, also will be treated as a Realized Loss.

The following items, to the extent that they are paid out of collections on the mortgage pool (other than late payment charges and/or Default Interest collected on the underlying mortgage loans) in accordance with the terms of the series 2014-KS02 pooling and servicing agreement, are some examples of Additional Issuing Entity Expenses:

- any special servicing fees, work-out fees and liquidation fees paid to the special servicer;
- any interest paid to the master servicer, the special servicer and/or the trustee with respect to advances;
- the cost of various opinions of counsel required or permitted to be obtained in connection with the servicing of the underlying mortgage loans and the administration of the other assets of the issuing entity;
- any unanticipated expenses of the issuing entity, including—
 1. any reimbursements and indemnifications to the trustee and the custodian and the certificate administrator and various related persons and entities, as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Certain Indemnities” in this information circular,

2. any reimbursements and indemnification to the master servicer, the special servicer, the depositor and various related persons and entities, as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Certain Indemnities” in this information circular, and
 3. any U.S. federal, state and local taxes, and tax-related expenses, payable out of assets of the issuing entity, as described under “Certain Federal Income Tax Consequences—Taxes That May Be Imposed on a REMIC” in this information circular; and
- any amounts expended on behalf of the issuing entity to remediate an adverse environmental condition at any mortgaged real property securing a defaulted underlying mortgage loan, as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans” in this information circular.

Late payment charges and Default Interest collected with respect to any underlying mortgage loan are to be applied to pay interest on any advances that have been or are being reimbursed with respect to that underlying mortgage loan. In addition, late payment charges and Default Interest collected with respect to any underlying mortgage loan are also to be applied to reimburse the issuing entity for any Additional Issuing Entity Expenses previously incurred by the issuing entity with respect to that underlying mortgage loan. Late payment charges and Default Interest collected with respect to any underlying mortgage loan that are not so applied to pay interest on advances or to reimburse the issuing entity for previously incurred Additional Issuing Entity Expenses will be paid to the master servicer and/or the special servicer as additional servicing compensation.

Advances of Delinquent Monthly Debt Service Payments

The master servicer will be required to make, for each distribution date, a total amount of advances of principal and/or interest (“P&I Advances”) generally equal to all scheduled monthly debt service payments, other than balloon payments, Default Interest, late payment charges or Static Prepayment Premiums and assumed monthly debt service payments, in each case net of related master servicing fees and sub-servicing fees, that—

- were due or deemed due, as the case may be, during the related Collection Period with respect to the underlying mortgage loans, and
- were not paid by or on behalf of the respective borrowers thereunder or otherwise collected as of the close of business on the last day of the related Collection Period.

Notwithstanding the foregoing, if it is determined that an Appraisal Reduction Amount exists with respect to any underlying mortgage loan, then the master servicer will reduce the interest portion, but not the principal portion, of each monthly debt service advance that it must make with respect to that underlying mortgage loan during the period that the Appraisal Reduction Amount exists. The interest portion of any monthly debt service advance required to be made with respect to any underlying mortgage loan as to which there exists an Appraisal Reduction Amount, will equal the product of—

- the amount of the interest portion of that monthly debt service advance that would otherwise be required to be made for the subject distribution date without regard to this sentence and the prior sentence, multiplied by
- a fraction—
 1. the numerator of which is equal to the Stated Principal Balance of the underlying mortgage loan, net of the Appraisal Reduction Amount, and
 2. the denominator of which is equal to the Stated Principal Balance of the underlying mortgage loan.

However, there will be no such reduction in any advance for delinquent monthly debt service payments due to an Appraisal Reduction Event at any time after the total outstanding principal balances of the class B and C certificates have been reduced to zero.

With respect to any distribution date, the master servicer will be required to make monthly debt service advances either out of its own funds or, subject to replacement as and to the extent provided in the series 2014-KS02 pooling and servicing agreement, out of funds held in the master servicer's collection account that are not required to be paid on the series 2014-KS02 certificates on the related distribution date. Further, if a Ratings Trigger Event occurs with respect to the master servicer, the guarantor will have the right to require the master servicer to remit out of its own funds to the master servicer's collection account, an amount equal to all monthly debt service advances previously made out of the master servicer's collection account and not previously repaid from collections on the underlying mortgage loans, and thereafter, the master servicer will be required to make monthly debt service advances solely out of its own funds.

If the master servicer fails to make a required monthly debt service advance and the trustee is aware of that failure, the trustee will be obligated to make that advance.

The master servicer and the trustee will each be entitled to recover any monthly debt service advance made by it out of its own funds (together with interest accrued on such amount) from collections on the underlying mortgage loan as to which the advance was made. Neither the master servicer nor the trustee will be obligated to make any monthly debt service advance that, in its judgment, would not ultimately be recoverable out of collections on the related mortgage loan. If the master servicer or the trustee makes any monthly debt service advance with respect to any of the underlying mortgage loans (including any such advance that is a Workout-Delayed Reimbursement Amount), that it or the special servicer subsequently determines will not be recoverable out of collections on that underlying mortgage loan (or, if such advance is a Workout-Delayed Reimbursement Amount, out of collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for a Nonrecoverable Advance) (such advance, a "Nonrecoverable P&I Advance"), it may obtain reimbursement for that advance, together with interest accrued on the advance as described in the third succeeding paragraph, out of general collections on the mortgage pool. See "Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments" and "The Series 2014-KS02 Pooling and Servicing Agreement—Collection Accounts" in this information circular. In making such determination, the master servicer, the trustee or the special servicer, as applicable, may take into account a range of relevant factors, including, among other things, (i) the existence of any outstanding Nonrecoverable Advance or Workout-Delayed Reimbursement Amount on any underlying mortgage loan or REO Loan, (ii) the obligations of the borrower under the related underlying mortgage loan, (iii) the related mortgaged real property in its "as is" condition, (iv) future expenses and (v) the timing of recoveries. Any reimbursement of a Nonrecoverable P&I Advance (including interest accrued on such amount) as described in the second preceding sentence will be deemed to be reimbursed first from payments and other collections of principal on the mortgage pool (thereby reducing the amount of principal otherwise distributable on the series 2014-KS02 certificates on the related distribution date) prior to the application of any other general collections on the mortgage pool against such reimbursement. The trustee will be entitled to conclusively rely on the master servicer's determination that a monthly debt service advance is nonrecoverable. The master servicer and the trustee will be required to conclusively rely on and be bound by the special servicer's determination that a monthly debt service advance is nonrecoverable, *provided* that in the absence of such determination by the special servicer, each of the master servicer and the trustee will be entitled to make its own determination that a monthly debt service advance is nonrecoverable, and in no event will a determination by the special servicer that a previously made or proposed monthly debt service advance would be recoverable be binding on the master servicer or the trustee.

Notwithstanding the foregoing, instead of obtaining reimbursement out of general collections on the mortgage pool immediately for a Nonrecoverable P&I Advance, the master servicer or the trustee, as applicable, may, in its sole discretion, elect to obtain reimbursement for such Nonrecoverable P&I Advance over a period of time (not to exceed six months without the consent of the series 2014-KS02 directing certificateholder or 12 months in any event), with interest continuing to accrue on such amount at the Prime Rate. At any time after such a determination to obtain reimbursement over time in accordance with the preceding sentence, the master servicer or the trustee, as applicable, may, in its sole discretion, decide to obtain reimbursement for such Nonrecoverable P&I Advance from general collections on the mortgage pool (including, without limitation, interest collections) immediately. In general, such a reimbursement deferral will only be permitted under the series 2014-KS02 pooling and servicing agreement if and to the extent that the subject Nonrecoverable P&I Advance, after taking into account other outstanding Nonrecoverable Advances, could not be reimbursed with interest out of payments and other collections of principal on the mortgage pool during the current Collection Period. The fact that a decision to recover a Nonrecoverable P&I

Advance over time, or not to do so, benefits some classes of series 2014-KS02 certificateholders to the detriment of other classes of series 2014-KS02 certificateholders will not constitute a violation of the Servicing Standard or a breach of the terms of the series 2014-KS02 pooling and servicing agreement by any party to the series 2014-KS02 pooling and servicing agreement or a violation of any duty owed by any party to the series 2014-KS02 certificateholders.

In addition, in the event that any monthly debt service advance with respect to a defaulted underlying mortgage loan remains unreimbursed following the time that such underlying mortgage loan is modified and returned to performing status and the amount of such advance becomes an obligation of the related borrower under the terms of the modified loan documents (a “Workout-Delayed Reimbursement Amount”), the master servicer or the trustee will be entitled to reimbursement for that advance and interest accrued on such advance (even though that advance is not deemed a Nonrecoverable P&I Advance), on a monthly basis, out of – but solely out of – payments and other collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for any Nonrecoverable Advance, prior to any distributions of principal on the series 2014-KS02 certificates. If any such advance is not reimbursed in whole due to insufficient principal collections during the related Collection Period, then the portion of that advance which remains unreimbursed will be carried over (with interest on such amount continuing to accrue) for reimbursement in the following Collection Period (to the extent of principal collections available for that purpose). If any such advance, or any portion of any such advance, is determined, at any time during this reimbursement process, to be a Nonrecoverable Advance, then the master servicer or the trustee, as applicable, will be entitled to immediate reimbursement out of general collections as a Nonrecoverable Advance in an amount equal to the portion of that advance that remains outstanding, plus accrued interest.

The master servicer and the trustee will each be entitled to receive interest on monthly debt service advances made by that party out of its own funds. That interest will accrue on the amount of each monthly debt service advance for so long as that advance is outstanding from the date made (or, if made prior to the end of the applicable grace period, from the end of that grace period), at an annual rate equal to the Prime Rate. Subject to the discussion in the two preceding paragraphs, interest accrued with respect to any monthly debt service advance on an underlying mortgage loan will be payable out of general collections on the mortgage pool.

A monthly debt service payment will be assumed to be due with respect to:

- each underlying mortgage loan that is delinquent with respect to its balloon payment beyond the end of the Collection Period in which its maturity date occurs and as to which no arrangements have been agreed to for the collection of the delinquent amounts, including an extension of maturity; and
- each underlying mortgage loan as to which the corresponding mortgaged real property has become an REO Property.

The assumed monthly debt service payment deemed due on any underlying mortgage loan described in the prior sentence will equal, for its maturity date (if applicable) and for each successive due date following the relevant event that it or any related REO Property remains part of the issuing entity, the sum of (a) the principal portion, if any, of the monthly debt service payment that would have been due on the subject mortgage loan on the relevant date if the related balloon payment had not come due or the related mortgaged real property had not become an REO Property, as the case may be, and the subject mortgage loan had, instead, continued to amortize and accrue interest according to its terms in effect prior to that event, plus (b) one month’s interest on the Stated Principal Balance of the subject mortgage loan at the related mortgage interest rate (but not including Default Interest).

Reports to Certificateholders and Freddie Mac; Available Information

Certificate Administrator Reports. Based on information provided on a one-time basis by the mortgage loan seller, and in monthly reports prepared by the master servicer and the special servicer in accordance with the series 2014-KS02 pooling and servicing agreement, and in any event delivered to the certificate administrator, the certificate administrator will be required to prepare and make available electronically or, upon written request, provide by first class mail, (i) three business days prior to each distribution date to Freddie Mac and (ii) on each distribution date to each registered holder of a series 2014-KS02 certificate, a statement to certificateholders substantially in the form of, and containing substantially the information set forth in, Exhibit B to this information

circular. The certificate administrator's statement to certificateholders will detail the distributions on the series 2014-KS02 certificates on that distribution date and the performance, both in total and individually to the extent available, of the underlying mortgage loans and the related mortgaged real properties. Recipients will be deemed to have agreed to keep the subject information confidential.

The master servicer will be required to provide the standard CREFC Investor Reporting Package[®] to the certificate administrator on a monthly basis. The certificate administrator will not be obligated to deliver any such report until the reporting package is provided by the master servicer.

Information Available Electronically. To the extent the "deal documents", "periodic reports", "additional documents" and "special notices" listed in the following bullet points are in the certificate administrator's possession and prepared by it or delivered to it in an electronic format, the certificate administrator will be required to make available to any Privileged Person via the certificate administrator's website in accordance with the terms and provisions of the series 2014-KS02 pooling and servicing agreement:

- the following "deal documents":
 - (a) this information circular;
 - (b) Freddie Mac's Giant and Other Pass-Through Certificates Offering Circular Dated June 1, 2010;
 - (c) the Freddie Mac offering circular supplement related to the Series K-S02 SPCs;
 - (d) the series 2014-KS02 pooling and servicing agreement;
 - (e) the mortgage loan purchase agreement; and
 - (f) the CREFC[®] loan setup file received by the certificate administrator from the master servicer;
- the following "periodic reports":
 - (a) certain underlying mortgage loan information as presented in the standard CREFC Investor Reporting Package[®] (other than the CREFC[®] loan setup file); and
 - (b) statements to certificateholders;
- the following "additional documents":
 - (a) inspection reports; and
 - (b) appraisals;
- the following "special notices":
 - (a) notice of any failure by the mortgage loan seller to repurchase an underlying mortgage loan that has an uncured material breach of a representation or warranty or a material document defect;
 - (b) notice of final payment on the certificates;
 - (c) notice of the resignation, termination, merger or consolidation of the master servicer, the special servicer, the certificate administrator or the trustee and any notice of the acceptance of appointment by any successor thereto;
 - (d) notice of the occurrence of any event of default that has not been cured;
 - (e) notice of any request by the series 2014-KS02 directing certificateholder to terminate the special servicer;
 - (f) any request by series 2014-KS02 certificateholders to communicate with other series 2014-KS02 certificateholders;

- (g) any amendment of the series 2014-KS02 pooling and servicing agreement;
- (h) any notice of the occurrence of or termination of any Affiliated Borrower Loan Event;
- (i) any officer's certificates supporting the determination that any advance was (or, if made, would be) a nonrecoverable advance; and
- (j) such other reports or information at the reasonable direction of the depositor or the guarantor;

provided, however, that the certificate administrator may not provide to (a) any person that is a borrower under an underlying mortgage loan or an affiliate of a borrower under an underlying mortgage loan unless such person is the series 2014-KS02 directing certificateholder, (1) any asset status report, inspection report, appraisal or internal valuation, (2) the CREFC[®] special servicer loan file or (3) any supplemental reports in the CREFC Investor Reporting Package[®] or (b) the series 2014-KS02 directing certificateholder, any asset status report, inspection report, appraisal or internal valuation relating to any Affiliated Borrower Loan. The certificate administrator's website will initially be located at www.usbank.com/abs. Access will be provided by the certificate administrator to Privileged Persons upon receipt by the certificate administrator from such person of an investor certification in the form(s) described in the series 2014-KS02 pooling and servicing agreement, which form(s) may also be located on and submitted electronically via the certificate administrator's website. The parties to the series 2014-KS02 pooling and servicing agreement will be given access to the website without providing that certification. For assistance with the certificate administrator's website, certificateholders may call (800) 934-6802.

The certificate administrator will make no representations or warranties as to the accuracy or completeness of, and may disclaim responsibility for, any report, document or other information made available by it for which it is not the original source. The certificate administrator will not be deemed to have obtained actual knowledge of any information posted on the certificate administrator's website to the extent such information was not produced by the certificate administrator.

The certificate administrator may require registration and the acceptance of a disclaimer, as well as an agreement to keep the subject information confidential, in connection with providing access to its website. The certificate administrator will not be liable for the dissemination of information made by it in accordance with the series 2014-KS02 pooling and servicing agreement.

Other Information. The series 2014-KS02 pooling and servicing agreement will obligate the certificate administrator (or in the case of the items listed in the sixth and eighth bullet points below, the custodian) to make available at its offices, during normal business hours, upon reasonable advance written notice, or electronically via its website, for review by, among others, any holder or beneficial owner of an offered certificate or any person identified to the certificate administrator as a prospective transferee of an offered certificate or any interest in that offered certificates, originals or copies, in paper or electronic form, of, among other things, the following items, to the extent such documents have been delivered to the certificate administrator or the custodian, as applicable:

- any private placement memorandum or other disclosure document relating to the applicable class of series 2014-KS02 certificates, in the form most recently provided to the certificate administrator;
- the series 2014-KS02 pooling and servicing agreement, including exhibits, and any amendments to the series 2014-KS02 pooling and servicing agreement;
- all monthly reports of the certificate administrator delivered, or otherwise electronically made available, to series 2014-KS02 certificateholders since the date of initial issuance of the offered certificates;
- all officer's certificates delivered to the certificate administrator by the master servicer and/or the special servicer since the date of initial issuance of the offered certificates, as described under "The Series 2014-KS02 Pooling and Servicing Agreement—Evidence as to Compliance" in this information circular;
- all accountant's reports delivered to the certificate administrator with respect to the master servicer and/or the special servicer since the date of initial issuance of the offered certificates, as described under "The

Series 2014-KS02 Pooling and Servicing Agreement—Evidence as to Compliance” in this information circular;

- any and all modifications, waivers and amendments of the terms of an underlying mortgage loan entered into by the master servicer or the special servicer and delivered to the custodian pursuant to the series 2014-KS02 pooling and servicing agreement (but only for so long as the affected underlying mortgage loan is part of the issuing entity);
- any and all officer’s certificates delivered to the certificate administrator to support the master servicer’s determination that any P&I Advance or Servicing Advance was or, if made, would be a Nonrecoverable P&I Advance or Nonrecoverable Servicing Advance, as the case may be;
- any and all of the loan documents contained in the mortgage file, and with respect to the series 2014-KS02 directing certificateholder and Freddie Mac only, any and all documents contained in the mortgage file;
- information provided to the certificate administrator regarding the occurrence of Servicing Transfer Events as to the underlying mortgage loans; and
- any and all sub-servicing agreements provided to the certificate administrator and any amendments to such sub-servicing agreements and modifications of such sub-servicing agreements.

Copies of any and all of the foregoing items will be required to be made available by the certificate administrator or the custodian, as applicable, upon written request. However, the certificate administrator and the custodian, as applicable, will be permitted to require payment of a sum sufficient to cover the reasonable costs and expenses of providing the copies.

In connection with providing access to or copies of information pursuant to the series 2014-KS02 pooling and servicing agreement, including the items described above, the certificate administrator, the master servicer or the special servicer will require, in the case of a registered holder, beneficial owner or prospective purchaser of an offered certificate, a written confirmation executed by the requesting person or entity, in the form required by the series 2014-KS02 pooling and servicing agreement, generally to the effect that, among other things, the person or entity (i) is a registered holder, beneficial owner or prospective purchaser of offered certificates, or an investment advisor representing such person, (ii) is requesting the information for use in evaluating such person’s investment in, or possible investment in, the offered certificates, (iii) is or is not a borrower or an affiliate of a borrower under the underlying mortgage loan, (iv) will keep the information confidential, and (v) will indemnify the certificate administrator, the trustee, the master servicer, the special servicer, the issuing entity and the depositor from any damage, loss, cost or liability (including legal fees and expenses and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure of the information. The certificate administrator, the custodian, the master servicer, the special servicer and any sub-servicer may not provide to (a) any person that is a borrower under an underlying mortgage loan or an affiliate of a borrower under an underlying mortgage loan unless such person is the series 2014-KS02 directing certificateholder, (i) any asset status report, inspection report, appraisal or internal valuation, (ii) the CREFC[®] special servicer loan file or (iii) certain supplemental reports in the CREFC Investor Reporting Package[®] or (b) the series 2014-KS02 directing certificateholder, any asset status report, inspection report, appraisal or internal valuation relating to any Affiliated Borrower Loan. However, such restrictions on providing information will not apply to the master servicer, the special servicer and any sub-servicer if the applicable loan documents expressly require such disclosure to such person as a borrower under an underlying mortgage loan.

Reports to Freddie Mac. On or before the third business day prior to each distribution date, the certificate administrator will be required, in accordance with the terms of the series 2014-KS02 pooling and servicing agreement, to prepare and distribute to Freddie Mac certain supplemental reports related to the offered certificates.

Deal Information/Analytics. Certain information concerning the underlying mortgage loans and the series 2014-KS02 certificates may be available through the following services:

- BlackRock Financial Management, Inc., Bloomberg, L.P., Trepp, LLC and Intex Solutions, Inc.;

- the certificate administrator’s website initially located at www.usbank.com/abs; and
- the master servicer’s website initially located at www.wellsfargo.com/com.

Voting Rights

The voting rights for the series 2014-KS02 certificates will be allocated as follows:

- 99% of the voting rights will be allocated to the class A, B and C certificates, in proportion to the respective total outstanding principal balances of those classes;
- 1% of the voting rights will be allocated to the class X certificates; and
- 0% of the voting rights will be allocated to the class R certificates.

Voting rights allocated to a class of series 2014-KS02 certificateholders will be allocated among those certificateholders in proportion to their respective percentage interests in that class. However, solely for the purposes of giving any consent, approval or waiver pursuant to the series 2014-KS02 pooling and servicing agreement with respect to the rights, obligations or liabilities of the trustee, the certificate administrator, the master servicer, the special servicer or Freddie Mac, any series 2014-KS02 certificate registered in the name of such trustee, certificate administrator, master servicer, special servicer, Freddie Mac or any affiliate of any of them, as applicable, will be deemed not to be outstanding, and the voting rights to which it is entitled will not be taken into account in determining whether the requisite percentage of voting rights necessary to effect any such consent, approval or waiver has been obtained. Such restriction will not apply to (i) the selection of the series 2014-KS02 directing certificateholder or the exercise of the special servicer’s or its affiliates’ rights as a member of the Controlling Class and (ii) if the trustee, the certificate administrator, the master servicer, the special servicer or Freddie Mac, as the case may be, and/or their affiliates, own the entire class of each series 2014-KS02 certificates affected by the action, vote, consent or waiver.

YIELD AND MATURITY CONSIDERATIONS

Yield Considerations

General. The yield on the offered certificates will depend on, among other things—

- the price you pay for the offered certificates; and
- the rate, timing and amount of distributions on the offered certificates.

The rate, timing and amount of distributions on the offered certificates will in turn depend on, among other things—

- the pass-through rate for, and the other payment terms of, the offered certificates;
- the rate and timing of payments and other collections on the underlying mortgage loans;
- the occurrence and continuation of a Waterfall Trigger Event;
- the rate and timing of defaults, and the severity of losses, if any, on the underlying mortgage loans;
- the rate, timing, severity and allocation of other shortfalls and expenses that reduce amounts available for distribution on the series 2014-KS02 certificates (although such shortfalls with respect to the offered certificates may be covered under the Freddie Mac Guarantee, as further described in this information circular);

- the collection and payment, or waiver, of Static Prepayment Premiums with respect to the underlying mortgage loans; and
- servicing decisions with respect to the underlying mortgage loans.

These factors cannot be predicted with any certainty. Accordingly, you may find it difficult to analyze the effect that these factors might have on the yield to maturity of the offered certificates.

Freddie Mac Guarantee. Although the Freddie Mac Guarantee will mitigate the yield and maturity considerations with respect to the offered certificates discussed in this information circular, the Freddie Mac Guarantee is not backed by the full faith and credit of the United States. If the guarantor were unable to pay under the Freddie Mac Guarantee, such mitigation would not apply.

Pass-Through Rates. The yield to maturity on the Offered Principal Balance Certificates will be highly sensitive to changes in the levels of LIBOR such that decreasing levels of LIBOR will have a negative effect on the yield to maturity of the holders of such certificates. In addition, prevailing market conditions may increase the interest rate margins above LIBOR at which comparable securities are being offered, which would cause the Offered Principal Balance Certificates to decline in value. Investors in the Offered Principal Balance Certificates should consider the risk that lower than anticipated levels of LIBOR could result in lower yields to investors than the anticipated yields and the risk that higher market interest rate margins above LIBOR could result in a lower value of the Offered Principal Balance Certificates.

The yield on the Offered Principal Balance Certificates could also be adversely affected if underlying mortgage loans with higher interest rates pay faster than underlying mortgage loans with lower interest rates. Since the Offered Principal Balance Certificates bear interest at a rate limited by the Weighted Average Net Mortgage Pass-Through Rate minus the Guarantee Fee Rate, the pass-through rate on the Offered Principal Balance Certificates may be limited by that pass-through rate cap, even if principal prepayments do not occur. See “Description of the Series 2014-KS02 Certificates—Interest Distribution Amounts” in this information circular.

As further described below under “—Yield Sensitivity of the Class X Certificates,” the pass-through rate on the class X certificates will be variable and will be calculated based upon the Weighted Average Net Mortgage Pass-Through Rate. The Weighted Average Net Mortgage Pass-Through Rate would decline if the rate of principal payments on the underlying mortgage loans with higher interest rates was faster than the rate of principal payments on the underlying mortgage loans with lower interest rates. The yield to maturity on the class X certificates will also be adversely affected to the extent distributions of interest otherwise payable to the class X certificates are required to be distributed on the class B and C certificates as Additional Interest Distribution Amounts, as described under “—Additional Interest Accrual Amounts” below.

Rate and Timing of Principal Payments. The yield to maturity of the class X certificates will be extremely sensitive to, and the yield to maturity on the Offered Principal Balance Certificates purchased at a discount or a premium will be affected by, the rate and timing of principal distributions made in reduction of the total outstanding principal balances of the series 2014-KS02 principal balance certificates, in the case of the class X certificates, or the outstanding principal balance of the Offered Principal Balance Certificates, in the case of the Offered Principal Balance Certificates. In turn, the rate and timing of principal distributions that are paid or otherwise result in reduction of the outstanding principal balance of the Offered Principal Balance Certificates will be directly related to the rate and timing of principal payments on or with respect to the underlying mortgage loans, the rate and timing of principal that is collected or advanced in respect of certain Specially Serviced Mortgage Loans, and whether or not a Waterfall Trigger Event has occurred and is continuing. Finally, the rate and timing of principal payments on or with respect to the underlying mortgage loans will be affected by their amortization schedules, the dates on which balloon payments are due and the rate and timing of principal prepayments and other unscheduled collections on them, including for this purpose, collections made in connection with liquidations of underlying mortgage loans due to defaults, casualties or condemnations affecting the mortgaged real properties, pay downs of loans due to failure of the related property to meet certain performance criteria or purchases or other removals of underlying mortgage loans from the issuing entity.

If you are contemplating an investment in the class X certificates, you should further consider the risk that an extremely rapid rate of payments and other collections of principal on the underlying mortgage loans could result in your failure to fully recoup your initial investment.

Prepayments and other early liquidations of the underlying mortgage loans will result in distributions on the Offered Principal Balance Certificates of amounts that would otherwise be paid over the remaining terms of the subject mortgage loans. This will tend to shorten the weighted average life of the Offered Principal Balance Certificates and accelerate the rate at which the notional amount of the class X certificates is reduced. Defaults on the underlying mortgage loans, particularly at or near their maturity dates, may result in significant delays in distributions of principal on the subject mortgage loans and, accordingly, on the Offered Principal Balance Certificates (subject to payments under the Freddie Mac Guarantee) while work-outs are negotiated or foreclosures are completed. These delays will tend to lengthen the weighted average life of the Offered Principal Balance Certificates. See “The Series 2014-KS02 Pooling and Servicing Agreement—Modifications, Waivers, Amendments and Consents” in this information circular.

The extent to which the yield to maturity on the Offered Principal Balance Certificates may vary from the anticipated yield will depend upon the degree to which the Offered Principal Balance Certificates are purchased at a discount or premium and when, and to what degree payments of principal on the underlying mortgage loans are in turn paid in a reduction of the outstanding principal balance of the Offered Principal Balance Certificates. If you purchase Offered Principal Balance Certificates at a discount, you should consider the risk that a slower than anticipated rate of principal payments on the underlying mortgage loans could result in an actual yield to you that is lower than your anticipated yield. If you purchase Offered Principal Balance Certificates at a premium, you should consider the risk that a faster than anticipated rate of principal payments on the underlying mortgage loans could result in an actual yield to you that is lower than your anticipated yield.

Because the rate of principal payments on or with respect to the underlying mortgage loans will depend on future events and a variety of factors, no particular assurance can be given as to that rate or the rate of principal prepayments.

Delinquencies and Defaults on the Underlying Mortgage Loans. The rate and timing of delinquencies and defaults on the underlying mortgage loans will affect—

- the amount of distributions on the offered certificates;
- the yield to maturity of the offered certificates;
- the notional amount of the class X certificates;
- the rate of principal distributions on the Offered Principal Balance Certificates; and
- the weighted average life of the offered certificates.

Delinquencies on the underlying mortgage loans may result in shortfalls in distributions of interest and/or principal on the offered certificates for the current month, although Freddie Mac will be required under its guarantee to pay the holder of any offered certificate an amount equal to any such shortfall allocated to its certificates as set forth in “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular. Although any shortfalls in distributions of interest may be made up on future distribution dates, no interest would accrue on those shortfalls. Thus, any shortfalls in distributions of interest would adversely affect the yield to maturity of the offered certificates.

If—

- you calculate the anticipated yield to maturity for the offered certificates based on an assumed rate of default and amount of losses on the underlying mortgage loans that is lower than the default rate and amount of losses actually experienced, and

- the additional losses result in a reduction of the total distributions on or the total outstanding principal balance of the offered certificates,

then your actual yield to maturity will be lower than you calculated and could, under some scenarios, be negative.

The timing of any loss on a liquidated mortgage loan that results in a reduction of the total distributions on or the total outstanding principal balance of the offered certificates will also affect your actual yield to maturity, even if the rate of defaults and severity of losses are consistent with your expectations. In general, the earlier your loss occurs, the greater the effect on your yield to maturity.

Even if losses on the underlying mortgage loans do not result in a reduction of the total distributions on or the total outstanding principal balance of the offered certificates, the losses may still affect the timing of distributions on, and the weighted average life and yield to maturity of, the offered certificates.

In addition, if the master servicer or the trustee is reimbursed for any Nonrecoverable Advance or Workout-Delayed Reimbursement Amount (together with accrued interest on such amounts), such amount will be deemed to be reimbursed first out of payments and other collections of principal on all the underlying mortgage loans (thereby reducing the Principal Distribution Amount on the related distribution date), prior to being deemed reimbursed out of payments and other collections of interest on all the underlying mortgage loans. See “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” and “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this information circular.

Relevant Factors. The following factors, among others, will affect the rate and timing of principal payments and defaults and the severity of losses on or with respect to the underlying mortgage loans:

- prevailing interest rates and prevailing margins over LIBOR for floating rate loans based on LIBOR;
- the terms of those underlying mortgage loans, including—
 1. provisions that impose prepayment lockout periods or require Static Prepayment Premiums (and whether the payment of Static Prepayment Premiums is waived by holders representing a majority interest in the class X certificates);
 2. amortization terms that require balloon payments;
 3. due on sale/encumbrance provisions; and
 4. any provisions requiring draws on letters of credit or escrowed funds to be applied to principal;
- the demographics and relative economic vitality of the areas in which the mortgaged real properties are located;
- the general supply and demand for independent and/or assisted living facilities of the type available at the mortgaged real properties in the areas in which those properties are located;
- the quality of management of the mortgaged real properties;
- the servicing of those underlying mortgage loans;
- changes in tax laws; and
- other opportunities for investment.

See “Risk Factors—Risks Related to the Underlying Mortgage Loans,” “—The Underlying Mortgage Loans May Experience a Higher Than Expected Rate of Prepayment Due to the Right of a Majority of Holders of Class X Certificates To Cause the Waiver of Static Prepayment Premiums and Due to Limited Prepayment Protection,”

“Description of the Underlying Mortgage Loans” and “The Series 2014-KS02 Pooling and Servicing Agreement” in this information circular.

The rate of prepayment on the underlying mortgage loans in the issuing entity is likely to be affected by prevailing market interest rates or margins over LIBOR for mortgage loans of a comparable type, term and risk level. When the prevailing market interest rate or margin over LIBOR is below the annual rate or margin over LIBOR at which an underlying mortgage loan accrues interest, the related borrower may have an increased incentive to refinance that underlying mortgage loan. Conversely, to the extent prevailing market interest rates or margins over LIBOR exceed the annual rate or margin over LIBOR at which an underlying mortgage loan accrues interest, the borrower may be less likely to voluntarily prepay that underlying mortgage loan.

Depending on prevailing market interest rates or margin over LIBOR, the outlook for market interest rates or margin over LIBOR and economic conditions generally, some borrowers may sell their mortgaged real properties in order to realize their equity in those properties, to meet cash flow needs or to make other investments. In addition, some borrowers may be motivated by U.S. federal and state tax laws, which are subject to change, to sell their mortgaged real properties.

In addition, certain of the underlying mortgage loans may have performance escrows or letters of credit pursuant to which the funds held in escrow or the proceeds of such letters of credit may be applied to reduce the principal balance of such underlying mortgage loans if certain performance triggers are not satisfied. This circumstance would have the same effect on the offered certificate as a partial prepayment on such underlying mortgage loans without payment of a Static Prepayment Premium. For more information regarding these escrows and letters of credit, see the footnotes to Exhibit A-1 to this information circular.

A number of the underlying borrowers are partnerships. The bankruptcy of the general partner in a partnership may result in the dissolution of the partnership. The dissolution of a borrower partnership, the winding-up of its affairs and the distribution of its assets could result in an acceleration of its payment obligations under the related mortgage loan.

We make no representation or warranty regarding:

- the particular factors that will affect the rate and timing of prepayments and defaults on the underlying mortgage loans;
- the relative importance of those factors;
- the percentage of the total principal balance of the underlying mortgage loans that will be prepaid or as to which a default will have occurred as of any particular date;
- whether the underlying mortgage loans that are in a prepayment lockout period, including any part of that period when prepayment with a Static Prepayment Premium is allowed, will be prepaid as a result of involuntary liquidations upon default or otherwise during that period; or
- the overall rate of prepayment or default on the underlying mortgage loans.

All of the underlying mortgage loans are LIBOR-based floating rate commercial mortgage loans. We are not aware of any publicly-available relevant and authoritative statistics that set forth principal prepayment experience or prepayment forecasts of commercial mortgage loans over an extended period of time. Floating rate commercial mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment. We cannot assure you as to the rate of prepayments on the underlying mortgage loans in stable or changing interest rate environments.

Additional Interest Accrual Amounts. To the extent there are Additional Interest Accrual Amounts on the class B or C certificates, such Additional Interest Accrual Amounts will be paid from amounts that would otherwise be distributable to the class X certificates on any distribution date. The class X certificates will not be entitled to reimbursement of such amounts. Therefore, the yield on the class X certificates will be sensitive to any event that causes Additional Interest Accrual Amounts to be distributed on such principal balance certificates, such as the

prepayment of underlying mortgage loans with higher interest rates, or the extension of underlying mortgage loans with lower interest rates.

The pass-through rates of the principal balance certificates will be capped by (a) with respect to the class A certificates, the Weighted Average Net Mortgage Pass-Through Rate minus the Guarantee Fee Rate and (b) with respect to the class B and C certificates, the Weighted Average Net Mortgage Pass-Through Rate of the underlying mortgage loans minus the CREFC[®] Intellectual Property Royalty License Fee Rate, as described in this information circular. To the extent the Weighted Average Net Mortgage Pass-Through Rate remains constant or declines, which may be due to the prepayment of underlying mortgage loans with higher interest rates or the extension of the maturity dates of the underlying mortgage loans with lower interest rates, the pass-through rate of these classes of certificates may be capped. While, in such circumstances, the class B and C certificates will be entitled to Additional Interest Accrual Amounts as described in this information circular, such Additional Interest Accrual Amounts are limited, in the aggregate, to amounts that would otherwise be distributable to the class X certificates on any distribution date. Additional Interest Accrual Amounts not paid on a distribution date will not be payable on future distribution dates unless such shortfall is an Additional Interest Shortfall Amount.

Weighted Average Life of the Offered Principal Balance Certificates

For purposes of this information circular, the weighted average life of any series 2014-KS02 principal balance certificate refers to the average amount of time that will elapse from the assumed settlement date of May 23, 2014 until each dollar to be applied in reduction of the total outstanding principal balance of those certificates is paid to the investor. For purposes of this “Yield and Maturity Considerations” section, the weighted average life of the Offered Principal Balance Certificates is determined by:

- multiplying the amount of each principal distribution on the Offered Principal Balance Certificates by the number of years from the assumed settlement date to the related distribution date;
- summing the results; and
- dividing the sum by the total amount of the reductions in the outstanding principal balance of the Offered Principal Balance Certificates.

Accordingly, the weighted average life of the Offered Principal Balance Certificates will be influenced by, among other things, the rate at which principal of the underlying mortgage loans is paid or otherwise collected or advanced and the extent to which those payments, collections and/or advances of principal are in turn applied in reduction of the outstanding principal balance of that certificate (including any reductions in outstanding principal balance as a result of Balloon Guarantor Payments).

As described in this information circular, the Principal Distribution Amount for each distribution date will be payable, subject to the Available Distribution Amount and the distribution priorities described under “Description of the Series 2014-KS02 Certificates—Distributions—Priority of Distributions” in this information circular, initially to make distributions of Performing Loan Principal Distribution Amounts to the holders of the class A certificates, and so long as no Waterfall Trigger Event has occurred and is continuing, the class B and C certificates, *pro rata*, based on their respective outstanding principal balances relative to the total outstanding principal balances of the certificates until the principal balance of such class or classes has been reduced to zero, *provided* that distributions to class B and C certificates will follow reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates. However, if a Waterfall Trigger Event has occurred and is continuing, the holders of the class A certificates will be entitled to distributions of principal from the Performing Loan Principal Distribution Amount, until the outstanding principal balance of the class A certificates has been reduced to zero, before distribution of principal will be made on the class B and C certificates. Thereafter, the Performing Loan Principal Distribution Amount, or the remaining portion of it on the applicable distribution date will be allocated to holders of the class B and C certificates, sequentially until the outstanding principal balance of each such class is reduced to zero, *provided* that distributions to class B and C certificates will follow reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates. Further, the class A certificates will always be entitled to the Specially Serviced Loan Principal Distribution Amount for each distribution date until the outstanding principal balance of the class A certificates has been reduced to zero. Thereafter, the Specially Serviced Loan Principal Distribution Amount, or the remaining portion of it on the applicable distribution date will be allocated to holders of

the class B and C certificates, sequentially until the principal balance of each such class is reduced to zero, provided that distributions to class B and C certificates will follow reimbursement to Freddie Mac of guarantee payments with respect to the class A and X certificates. Consequently, if a Waterfall Trigger Event occurs or if Specially Serviced Loan Principal Distribution Amounts are received or advanced, the weighted average life of the most senior outstanding class of the series 2014-KS02 principal balance certificates will be shorter, and the weighted average lives of the applicable Subordinate Certificates will be longer, than would otherwise be the case if no Waterfall Trigger Event occurs or no Specially Serviced Loan Principal Distribution Amounts are received.

The table set forth in Exhibit D to this information circular shows with respect to the Offered Principal Balance Certificates—

- the weighted average life of that class, and
- the percentage of the initial principal balance of that class that would be outstanding after each of the specified dates,

based upon each of the indicated levels of CPR and the Modeling Assumptions.

The actual characteristics and performance of the underlying mortgage loans will differ from the Modeling Assumptions used in calculating the tables on Exhibit D to this information circular. Those tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under the assumed prepayment scenarios. Any difference between the Modeling Assumptions used in calculating the tables on Exhibit D to this information circular and the actual characteristics and performance of the underlying mortgage loans, or their actual prepayment or loss experience, will affect the percentages of initial principal balance of each of the Offered Principal Balance Certificates outstanding over time and their weighted average lives.

We cannot assure you that—

- the underlying mortgage loans will prepay in accordance with the Modeling Assumptions or any other assumptions set forth in this information circular;
- the underlying mortgage loans will prepay at any of the indicated levels of CPR or at any other particular prepayment rate;
- the underlying mortgage loans will not experience losses;
- a Waterfall Trigger Event will or will not occur or amounts distributable as Specially Serviced Loan Principal Distribution Amounts will or will not be received; or
- the underlying mortgage loans that are in a prepayment lockout period or prepayable during any period with a Static Prepayment Premium will not prepay whether voluntarily or involuntarily, during any such period.

You must make your own decisions as to the appropriate loss, prepayment and liquidation assumptions to be used in deciding to purchase any offered certificates.

Yield Sensitivity of the Class X Certificates

The yield to investors on the class X certificates will be highly sensitive to the rate and timing of principal payments, including prepayments, on the underlying mortgage loans. If you are contemplating an investment in the class X certificates, you should fully consider the associated risks, including the risk that an extremely rapid rate of prepayment and/or liquidation of the underlying mortgage loans could result in your failure to recoup fully your initial investment.

The pass-through rate for the class X certificates is calculated based upon the Weighted Average Net Mortgage Pass-Through Rate. As a result, the pass-through rate (and, accordingly, the yields to maturity) on the class X certificates could be adversely affected if underlying mortgage loans with relatively high interest rate margins over LIBOR experience a faster rate of principal payment than underlying mortgage loans with relatively low interest rate

margins over LIBOR. This means that the yields to maturity on the class X certificates will be sensitive to changes in the relative composition of the mortgage pool as a result of scheduled amortization, voluntary and involuntary prepayments and liquidations of the underlying mortgage loans following default. The Weighted Average Net Mortgage Pass-Through Rate will not be affected by modifications, waivers or amendments with respect to the underlying mortgage loans, except for any modifications, waivers or amendments that increase the mortgage interest rate margin. The yields to maturity on the class X certificates will be adversely affected to the extent distributions of interest otherwise payable to the class X certificates are required to be distributed on the class B and C certificates as Additional Interest Distribution Amounts, as described under “Description of the Series 2014-KS02 Certificates—Distributions—Interest Distributions” in this information circular.

The table set forth in Exhibit E to this information circular with respect to the class X certificates shows pre-tax corporate bond equivalent yields for the class X certificates based on the Modeling Assumptions except that the optional termination is exercised, and further assuming the specified purchase prices and the indicated levels of CPR. Those assumed purchase prices are exclusive of accrued interest.

The yields with respect to the class X certificates set forth in the table in Exhibit E to this information circular were calculated by:

- determining the monthly discount rate that, when applied to the assumed stream of cash flows to be paid on the class X certificates, as applicable, would cause the discounted present value of that assumed stream of cash flows to equal the assumed purchase price for the class X certificates, as applicable; and
- converting those monthly discount rates to corporate bond equivalent rates.

Those calculations do not take into account variations that may occur in the interest rates at which investors in the class X certificates may be able to reinvest funds received by them as payments on those certificates. Consequently, they do not purport to reflect the return on any investment on the class X certificates when reinvestment rates are considered.

In addition, the actual characteristics and performance of the underlying mortgage loans will differ from the Modeling Assumptions used in calculating the table on Exhibit E to this information circular. That table is hypothetical in nature and is provided only to give a general sense of how the cash flows might behave under the assumed prepayment scenarios. Any difference between the Modeling Assumptions used in calculating the table on Exhibit E to this information circular and the actual characteristics and performance of the underlying mortgage loans, or their actual prepayment or loss experience, will affect the yield on the class X certificates.

We cannot assure you that—

- the underlying mortgage loans will prepay in accordance with the Modeling Assumptions or any other assumptions set forth in this information circular;
- the underlying mortgage loans will prepay at any of the indicated levels of CPR or at any other particular prepayment rate;
- the underlying mortgage loans will not experience losses;
- the underlying mortgage loans that are in a prepayment lockout period or prepayable during any period with a Static Prepayment Premium will not prepay, whether voluntarily or involuntarily, during any such period; or
- the purchase price of the class X certificates will be as assumed.

It is unlikely that the underlying mortgage loans will prepay as assumed at any of the specified CPR levels until maturity or that all of the underlying mortgage loans will so prepay at the same rate. Actual yields to maturity for investors in the class X certificates may be materially different than those indicated in the table in Exhibit E to this information circular. Timing of changes in rate of prepayment and other liquidations may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments and other liquidations is consistent with the expectations of investors. You must make your own decisions as to the appropriate prepayment, liquidation and loss assumptions to be used in deciding whether to purchase the class X certificates.

THE SERIES 2014-KS02 POOLING AND SERVICING AGREEMENT

General

The series 2014-KS02 certificates will be issued, the issuing entity will be created and the underlying mortgage loans will be serviced and administered under a pooling and servicing agreement, to be dated as of May 1, 2014, by and among the depositor, the master servicer, the special servicer, the trustee, the certificate administrator and Freddie Mac. Subject to meeting certain requirements, each originator has the right and is expected to appoint itself or its affiliate as the sub-servicer of the underlying mortgage loans it originated. See Exhibit A-1 to this information circular to determine the originator for each underlying mortgage loan.

The certificate administrator will provide a copy of the series 2014-KS02 pooling and servicing agreement to a prospective or actual holder or beneficial owner of an offered certificate, upon written request from such party or a placement agent and the completion of an appropriate confidentiality agreement in the form attached to the series 2014-KS02 pooling and servicing agreement and, at the certificate administrator’s discretion, payment of a reasonable fee for any expenses. The series 2014-KS02 pooling and servicing agreement will also be made available by the certificate administrator on its website, at the address set forth under “Description of the Series 2014-KS02 Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular.

The Master Servicer and the Special Servicer

Wells Fargo Bank, National Association (“Wells Fargo Bank”) will act as the master servicer and the initial special servicer for the underlying mortgage loans. Wells Fargo Bank is a national banking association organized under the laws of the United States of America, and is a wholly-owned direct and indirect subsidiary of Wells Fargo & Company. Wells Fargo Bank is also an affiliate of Wells Fargo Commercial Mortgage Securities, Inc., which will be the depositor, and Wells Fargo Securities, LLC, which will be the initial purchaser of the series 2014-KS02 certificates and is one of the placement agents for the Series K-S02 SPCs. On December 31, 2008, Wells Fargo & Company acquired Wachovia Corporation, the owner of Wachovia Bank, National Association (“Wachovia”), and Wachovia Corporation merged with and into Wells Fargo & Company. On March 20, 2010, Wachovia merged with and into Wells Fargo Bank. Like Wells Fargo Bank, Wachovia acted as master servicer and special servicer of securitized commercial and multifamily mortgage loans and, following the merger of the holding companies, Wells Fargo Bank and Wachovia integrated their two servicing platforms under a senior management team that is a combination of both legacy Wells Fargo Bank managers and legacy Wachovia managers.

The principal west coast commercial mortgage master servicing and special servicing offices of Wells Fargo Bank are located at MAC A0227-020, 1901 Harrison Street, Oakland, California 94612. The principal east coast commercial mortgage master servicing and special servicing offices of Wells Fargo Bank are located at MAC D1086-120, 550 South Tryon Street, Charlotte, North Carolina 28202.

Wells Fargo Bank has been master servicing securitized commercial and multifamily mortgage loans in excess of ten years. Wells Fargo Bank’s primary servicing system runs on McCracken Financial Solutions Corp.’s Strategy CS software. Wells Fargo Bank reports to trustees and certificate administrators in the CREFC[®] format. The table below sets forth information about Wells Fargo Bank’s portfolio of master or primary serviced commercial and multifamily mortgage loans (including loans in securitization transactions and loans owned by other investors) as of the dates indicated:

Commercial and Multifamily Mortgage Loans	As of 12/31/2011	As of 12/31/2012	As of 12/31/2013	As of 3/31/2014
By Approximate Number:	38,132	35,189	33,354	33,695
By Approximate Aggregate Unpaid				
Principal Balance (in billions):	\$437.7	\$428.5	\$434.4	\$440.3

Within this portfolio, as of March 31, 2014, are approximately 24,254 commercial and multifamily mortgage loans with an unpaid principal balance of approximately \$365.3 billion related to commercial mortgage-backed securities or commercial real estate collateralized debt obligation securities. In addition to servicing loans related to commercial mortgage-backed securities and commercial real estate collateralized debt obligation securities, Wells

Fargo Bank also services whole loans for itself and a variety of investors. The properties securing loans in Wells Fargo Bank's servicing portfolio, as of March 31, 2014, were located in all 50 states, the District of Columbia, Guam, Mexico, the Bahamas, the Virgin Islands and Puerto Rico and include retail, office, multifamily, industrial, hospitality and other types of income-producing properties.

In its master servicing and primary servicing activities, Wells Fargo Bank utilizes a mortgage-servicing technology platform with multiple capabilities and reporting functions. This platform allows Wells Fargo Bank to process mortgage servicing activities including, but not limited to: (i) performing account maintenance; (ii) tracking borrower communications; (iii) tracking real estate tax escrows and payments, insurance escrows and payments, replacement reserve escrows and operating statement data and rent rolls; (iv) entering and updating transaction data; and (v) generating various reports.

The table below sets forth information regarding principal and interest advances and servicing advances made by Wells Fargo Bank, as master servicer, on commercial and multifamily mortgage loans included in commercial mortgage-backed securitizations. The information set forth is the average amount of such advances outstanding over the periods indicated (expressed as a dollar amount and as a percentage of Wells Fargo Bank's portfolio, as of the end of each such period, of master serviced commercial and multifamily mortgage loans included in commercial mortgage-backed securitizations).

Period*	Approximate Securitized Master-Serviced Portfolio (UPB)*	Approximate Outstanding Advances (P&I and PPA)*	Approximate Outstanding Advances as % of UPB
Calendar Year 2011	\$340,642,112,537	\$ 1,880,456,070	0.55%
Calendar Year 2012	\$331,765,453,800	\$ 2,133,375,220	0.64%
Calendar Year 2013	\$346,011,017,466	\$ 2,158,219,403	0.62%
YTD March 31, 2014.....	\$351,242,569,442	\$ 1,868,167,770	0.53%

* "UPB" means unpaid principal balance, "P&I" means principal and interest advances, "PPA" means principal protection advances and "YTD" means year-to-date.

Wells Fargo Bank has acted as a special servicer of securitized commercial and multifamily mortgage loans in excess of five years. Wells Fargo Bank's special servicing system includes McCracken Financial Solution Corp.'s Strategy CS Software.

The following table sets forth information about Wells Fargo Bank's portfolio of specially-serviced commercial and multifamily mortgage loans as of the dates indicated:

CMBS Pool	As of 12/31/2011	As of 12/31/2012	As of 12/31/2013	As of 3/31/2014
By Approximate Number:	59	69	91	95
Named Specially Serviced Portfolio By				
Approximate Aggregate Unpaid				
Principal Balance (in billions) ⁽¹⁾ :	\$31.6	\$40.2	\$58.7	\$57.6
Actively Special Serviced Portfolio By				
Approximate Aggregate Unpaid				
Principal Balance ⁽²⁾ :	\$2,971,426,061	\$2,256,422,115	\$1,047,414,628	\$808,322,802

(1) Includes all loans in Wells Fargo Bank's portfolio for which Wells Fargo Bank is the named special servicer, regardless of whether such loans are, as of the specified date, specially-serviced loans.

(2) Includes only those loans in the portfolio that, as of the specified date, are specially-serviced loans.

The properties securing loans in Wells Fargo Bank's special servicing portfolio may include retail, office, multifamily, industrial, hospitality and other types of income-producing property. As a result, such properties, depending on their location and/or other specific circumstances, may complete with the mortgaged real properties for tenants, purchasers, financing and so forth.

Wells Fargo Bank has developed strategies and procedures as a special servicer for working with borrowers on problem loans (caused by delinquencies, bankruptcies or other breaches of the underlying loan documents) to maximize the value from the assets for the benefit of certificateholders. Wells Fargo Bank’s strategies and procedures vary on a case by case basis, and include, but are not limited to, liquidation of the underlying collateral, note sales, discounted payoffs, and borrower negotiation or workout in accordance with the applicable servicing standard, the underlying loan documents and applicable law, rule and regulation.

It is anticipated that Wells Fargo Bank and the initial series 2014-KS02 directing certificateholder or its designee will enter into a separate agreement pursuant to which Wells Fargo Bank, as special servicer, will agree to pay to the initial series 2014-KS02 directing certificateholder or its designee a portion of the special servicing compensation received by Wells Fargo Bank, as special servicer, from time to time.

Wells Fargo Bank is rated or ranked by Fitch, S&P and Morningstar as a primary servicer, a master servicer and a special servicer of commercial mortgage loans. Wells Fargo Bank’s servicer ratings by each of these agencies are outlined below:

	Fitch	S&P	Morningstar
Primary Servicer:.....	CPS1-	Above Average	MOR CS1
Master Servicer:.....	CMS1-	Above Average	MOR CS1
Special Servicer.....	CSS2	Above Average	MOR CS2

The long-term deposits of Wells Fargo Bank are rated “AA-” by S&P, “Aa3” by Moody’s and “AA-” by Fitch. The short-term deposits of Wells Fargo Bank are rated “A-1+” by S&P, “P-1” by Moody’s and “F1+” by Fitch.

Wells Fargo Bank has developed policies, procedures and controls relating to its servicing functions to maintain compliance with applicable servicing agreements and servicing standards, including procedures for handling delinquent loans during the period prior to the occurrence of a special servicing transfer event. Wells Fargo Bank’s master servicing and special servicing policies and procedures are updated periodically to keep pace with the changes in the commercial mortgage-backed securities industry and have been generally consistent for the last three years in all material respects. The only significant changes in Wells Fargo Bank’s policies and procedures have come in response to changes in federal or state law or investor requirements, such as updates issued by the Federal National Mortgage Association or Freddie Mac.

Subject to certain restrictions in the series 2014-KS02 pooling and servicing agreement, Wells Fargo Bank may perform any of its obligations under the series 2014-KS02 pooling and servicing agreement through one or more third-party vendors, affiliates or subsidiaries. Notwithstanding the foregoing, the master servicer or the special servicer, as applicable, under the series 2014-KS02 pooling and servicing agreement will remain responsible for its duties under the series 2014-KS02 pooling and servicing agreement. Wells Fargo Bank may engage third-party vendors to provide technology or process efficiencies. Wells Fargo Bank monitors its third-party vendors in compliance with its internal procedures and applicable law. Wells Fargo Bank has entered into contracts with third-party vendors for the following functions:

- provision of Strategy and Strategy CS software;
- tracking and reporting of flood zone changes;
- abstracting of leasing consent requirements contained in loan documents;
- legal representation;
- assembly of data regarding buyer and seller (borrower) with respect to proposed loan assumptions and preparation of loan assumption package for review by Wells Fargo Bank;
- performance of property inspections;
- performance of tax parcel searches based on property legal description, monitoring and reporting of delinquent taxes, and collection and payment of taxes; and

- Uniform Commercial Code searches and filings.

Wells Fargo Bank may also enter into agreements with certain firms to act as a primary servicer and to provide cashiering or non-cashiering sub-servicing on the underlying mortgage loans. Wells Fargo Bank monitors and reviews the performance of sub-servicers appointed by it. Generally, all amounts received by Wells Fargo Bank on the underlying mortgage loans will initially be deposited into a common clearing account with collections on other mortgage loans serviced by Wells Fargo Bank and will then be allocated and transferred to the appropriate account as described in this information circular. On the day any amount is to be disbursed by Wells Fargo Bank, that amount is transferred to a common disbursement account prior to disbursement. Wells Fargo Bank's responsibilities as special servicer under servicing agreements typically do not include collections on the mortgage pool. However, Wells Fargo Bank maintains certain operating accounts with respect to REO Properties in accordance with the terms of the applicable servicing agreement and the applicable servicing standard.

Wells Fargo Bank will not have primary responsibility for custody services of original documents evidencing the underlying mortgage loans. On occasion, Wells Fargo Bank may have custody of certain of such documents as are necessary for enforcement actions involving the underlying mortgage loans or otherwise. To the extent Wells Fargo Bank performs custodial functions as a servicer, documents will be maintained in a manner consistent with the Servicing Standard.

A Wells Fargo Bank proprietary website (www.wellsfargo.com/com) provides investors with access to investor reports for commercial mortgage-backed securitization transactions for which Wells Fargo Bank is master servicer or special servicer and also provides borrowers with access to current and historical loan and property information for these transactions.

Wells Fargo & Company files reports with the SEC as required under the Exchange Act. Such reports include information regarding Wells Fargo Bank and may be obtained at the website maintained by the SEC at www.sec.gov.

There are no legal proceedings pending against Wells Fargo Bank, or to which any property of Wells Fargo Bank is subject, that are material to the series 2014-KS02 certificateholders, nor does Wells Fargo Bank have actual knowledge of any proceedings of this type contemplated by governmental authorities.

The foregoing information set forth in this section “—The Master Servicer and the Special Servicer” has been provided by Wells Fargo Bank. Neither the depositor nor any other person other than Wells Fargo Bank makes any representation or warranty as to the accuracy or completeness of such information.

Certain duties and obligations of Wells Fargo Bank as the master servicer and the provisions of the series 2014-KS02 pooling and servicing agreement are described under “—Servicing Under the Series 2014-KS02 Pooling and Servicing Agreement,” “—Enforcement of “Due-on-Sale” and “Due-on-Encumbrance” Clauses,” “—Required Appraisals,” and “—Inspections; Collection of Operating Information” below. Wells Fargo Bank's ability to waive or modify any terms, fees, penalties or payments on the underlying mortgage loans and the effect of that ability on the potential cash flows from the underlying mortgage loans are described under “—Modifications, Waivers, Amendments and Consents” below.

Wells Fargo Bank, as the master servicer will, among other things, be responsible for the master servicing and administration of the underlying mortgage loans pursuant to the series 2014-KS02 pooling and servicing agreement. Certain servicing and administrative functions will also be provided by one or more primary servicers that previously serviced the underlying mortgage loans for the applicable loan seller.

Certain terms of the series 2014-KS02 pooling and servicing agreement regarding Wells Fargo Bank's removal, replacement, resignation or transfer as master servicer are described under “—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” and “—Rights Upon Event of Default” below. Wells Fargo Bank's rights and obligations as master servicer with respect to indemnification, and certain limitations on Wells Fargo Bank's liability as master servicer under the series 2014-KS02 pooling and servicing agreement, are described under “—Liability of the Servicers” and “—Certain Indemnities” below.

Certain duties and obligations of Wells Fargo Bank as the special servicer, and the provisions of the series 2014-KS02 pooling and servicing agreement, are described under “—Servicing Under the Series 2014-KS02 Pooling and Servicing Agreement,” “—Enforcement of “Due-on-Sale” and “Due-on-Encumbrance” Clauses,” “—Required Appraisals,” and “—Inspections; Collection of Operating Information” below. Wells Fargo Bank’s ability to waive or modify any terms, fees, penalties or payments on the underlying mortgage loans and the effect of that ability on the potential cash flows from the underlying mortgage loans are described under “—Modifications, Waivers, Amendments and Consents” below.

Wells Fargo Bank, as the special servicer will, among other things, oversee the resolution of an underlying mortgage loan during a special servicing period and the disposition of REO properties. Certain of Wells Fargo Bank’s duties as the special servicer under the series 2014-KS02 pooling and servicing agreement, including information regarding the processes for handling delinquencies, losses, bankruptcies and recoveries (such as through a liquidation of an underlying mortgage loan, the sale of an underlying mortgage loan or negotiations or workouts with the borrower under an underlying mortgage loan) are set forth under “—Realization Upon Mortgage Loans” below.

Certain terms of the series 2014-KS02 pooling and servicing agreement regarding Wells Fargo Bank’s removal, replacement, resignation or transfer as special servicer are described under “—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” and “—Rights Upon Event of Default” below. Wells Fargo Bank’s rights and obligations as special servicer with respect to indemnification, and certain limitations on Wells Fargo Bank’s liability as special servicer under the series 2014-KS02 pooling and servicing agreement, are described under “—Liability of the Servicers” and “—Certain Indemnities” below.

The master servicer, the special servicer and various related persons and entities will be entitled to be indemnified by the issuing entity for certain losses and liabilities incurred by the special servicer as described under “—Certain Indemnities” below.

Significant Sub-Servicers

Berkadia Commercial Mortgage LLC. Berkadia Commercial Mortgage LLC (“Berkadia”) is expected to be a sub-servicer of six (6) of the underlying mortgage loans, collectively representing 47.8% of the initial mortgage pool balance. Berkadia is also the originator of six (6) of the underlying mortgage loans, collectively representing 47.8% of the initial mortgage pool balance. Berkadia is a limited liability company organized under the laws of the state of Delaware. Berkadia is, indirectly, wholly-owned by Leucadia National Corporation, and BH Finance LLC and Berkshire Hathaway Inc.

Berkadia has experience with servicing commercial and multifamily mortgage loans in private label commercial mortgage-backed securities transactions dating back to 1995. Berkadia’s principal office location is: 118 Welsh Road, Horsham, Pennsylvania 19044 with telephone number: (215) 328-3200.

Berkadia performs primary and master servicing on CMBS transactions. In addition, Berkadia carries out primary, master and asset management servicing activities on a contracted basis for third parties such as insurance companies, banks and other financial institutions. Berkadia is one of the largest servicers of commercial real estate loans in the United States.

As of December 31, 2013, Berkadia had a primary/master servicing portfolio of approximately 28,245 loans with an unpaid principal balance of \$238.0 billion. The table below contains information on the size and growth of the portfolio of commercial and multifamily loans from 2010 to 2013 in respect of which Berkadia has acted as master and/or primary servicer:

Portfolio—Primary/Master Servicing	Calendar Year End			
	2010	2011	2012	2013
CMBS (US)	\$113.5 billion	\$99.5 billion	\$86.8 billion	\$75.8 billion
Other	83.7 billion	80.7 billion	110.5 billion	162.2 billion
Total	\$197.2 billion	\$180.2 billion	\$197.3 billion	\$238.0 billion

Berkadia currently maintains ratings from Fitch, S&P and Morningstar. Berkadia's primary servicing operations are rated CPS1- from Fitch, STRONG from S&P, and CS1 from Morningstar. Berkadia's master servicing operations are rated CMS2 from Fitch, STRONG from S&P and CS1 from Morningstar.

Berkadia has developed policies, procedures and controls for the performance of its servicing obligations in compliance with applicable servicing agreements, and the applicable servicing criteria set forth in Item 1122 of Regulation AB. Berkadia reviews its policies and procedures regularly and updates them on an annual basis to ensure that they reflect its current servicing practices. There were no material changes made to the policies and procedures in order for Berkadia to act as the sub-servicer on this transaction.

Berkadia has an established business continuity program that is tested regularly in accordance with its policies and procedures. In the event of a disruption, all functions of the disrupted facility would transfer to a steady business recovery facility, providing access to all data and tools to continue to perform its servicing duties. Berkadia's business continuity program is tested and updated on an annual basis.

Berkadia maintains a multi-application mortgage-servicing technology platform, with multiple capabilities and reporting functions, to facilitate the processing of its servicing activities. Berkadia may, from time to time, engage third party contractors or vendors to assist in performing certain routine servicing functions. Berkadia monitors and reviews its third party contractors and vendors in compliance with its internal procedures and applicable law.

No securitization transaction involving commercial mortgage loans in which Berkadia was acting as servicer has experienced an event of default as a result of any action or inaction of Berkadia as servicer, including as a result of Berkadia's failure to comply with the applicable servicing criteria in connection with any securitization transaction.

Berkadia Services India Private Limited (formerly known as Capmark Overseas Processing India Private Limited) opened in September 2002, was acquired by Berkadia in December 2009. Berkadia Services India Private Limited is located in Hyderabad (Andhra Pradesh), India and provides certain back office functions for Berkadia's servicing portfolio in the United States. Berkadia Services India Private Limited reports to the Executive Vice President of Servicing at Berkadia.

From time to time Berkadia and its affiliates are parties to lawsuits and other legal proceedings arising in the ordinary course of business. Berkadia does not believe that any such lawsuits or legal proceedings would, individually or in the aggregate, have a material adverse effect on its business or its ability to serve as primary servicer or master servicer.

Certain duties and obligations of Berkadia as a sub-servicer, and the provisions of the sub-servicing agreement, are described under "—Summary of Berkadia Sub-Servicing Agreement" below.

The sub-servicer is entitled to indemnification from the master servicer for losses and liabilities incurred in connection with its servicing functions under the sub-servicing agreement unless such losses and liabilities are caused by the sub-servicer's negligent misfeasance, bad faith, fraud or negligence as described under "—Summary of Berkadia Sub-Servicing Agreement" below.

Certain terms of the series 2014-KS02 pooling and servicing agreement regarding Berkadia's removal, replacement, resignation or transfer as sub-servicer are described under "—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Removal of the Master Servicer, the Special Servicer and any Sub-Servicer" below.

The foregoing information set forth in this section "—Significant Sub-Servicers—Berkadia Commercial Mortgage LLC" has been provided by Berkadia. Neither the depositor nor any other person other than Berkadia makes any representation or warranty as to the accuracy or completeness of such information.

GEMSA Loan Services, L.P. It is anticipated that GEMSA Loan Services, L.P., a Delaware limited partnership ("GEMSA"), between CBRE Capital Markets of Texas, LP, a Texas limited partnership ("CBRECMT"), and GE Real Estate, with CBRECMT as the general partner, will be a sub-servicer of five (5) of the underlying mortgage loans, collectively representing 27.9% of the initial mortgage pool balance. GEMSA is also an affiliate of CBRE

Capital Markets, Inc., which is the originator of five (5) of the underlying mortgage loans, collectively representing 27.9% of the initial mortgage pool balance. GEMSA is headquartered in Houston, Texas and has offices in Atlanta, Georgia, Seattle, Washington and Newport Beach, California.

GEMSA and its predecessors have been engaged in the servicing of commercial mortgage loans since 1978 and commercial mortgage loans originated for securitization since 1996. The following table sets forth information about GEMSA’s portfolio of commercial mortgage loans as of the dates indicated:

Loans	12/31/2011	12/31/2012	12/31/2013
By Approximate Number.....	6,996	6,221	6,650
By Approximate Aggregate Outstanding Principal Balance (in billions).....	\$94	\$98	\$100

Within the total GEMSA servicing portfolio approximately 1,200 loans with an aggregate outstanding principal balance of approximately \$10 billion are loans backing commercial mortgage-backed securities. Additionally, there are approximately 1,400 loans with an aggregate outstanding principal balance of approximately \$24 billion originated through the government-sponsored entities.

GEMSA’s servicing portfolio includes mortgage loans secured by multifamily, office, retail, hospitality and other types of income-producing properties that are located throughout the United States. GEMSA also services newly-originated commercial mortgage loans and mortgage loans acquired in the secondary market for issuers of commercial and multifamily mortgage-backed securities, financial institutions and a variety of investors and other third parties. Based on the aggregate outstanding principal balance of loans being serviced as of June 30, 2012, the Mortgage Bankers Association of America ranked GEMSA the sixth largest commercial mortgage loan servicer in terms of total master and primary servicing volume.

GEMSA is approved as a master servicer and primary servicer for commercial mortgage-backed securities rated by Moody’s, S&P and Fitch. Moody’s does not assign specific ratings to servicers. GEMSA is on S&P’s Select Servicer List and is rated “Strong” as a master servicer and primary servicer. Fitch has assigned to GEMSA the ratings of “CMS1-” as a master servicer and “CPS1” as a primary servicer. S&P’s and Fitch’s servicer ratings are based on an examination of many factors, including the servicer’s financial condition, management team, organizational structure and operating history.

GEMSA’s servicing system utilizes a mortgage-servicing technology platform with multiple capabilities and reporting functions. This platform allows GEMSA to process mortgage servicing activities including: (i) performing account maintenance, (ii) tracking borrower communications, (iii) tracking real estate tax escrows and payments, insurance escrows and payments, replacement reserve escrows, operating statement data and rent rolls, (iv) entering and updating transaction data, and (v) generating various reports. GEMSA uses the CREFC[®] format to report to trustees of commercial mortgage-backed securities transactions and maintains a website (www.gemsals.com) that provides access to reports and other information to investors in commercial mortgage-backed securities transactions for which GEMSA is the master servicer.

GEMSA has developed policies, procedures and controls for the performance of its servicing obligations in compliance with applicable servicing agreements, servicing standards and the servicing criteria set forth in Item 1122 of Regulation AB under the Securities Act of 1933, as amended. These policies, procedures and controls include, among other things, procedures to (i) notify borrowers of payment delinquencies and other loan defaults, (ii) work with borrowers to facilitate collections and performance prior to the occurrence of a servicing transfer event, (iii) if a servicing transfer event occurs as a result of a delinquency, loss, bankruptcy or other loan default, transfer the subject loan to the special servicer, and (iv) handling delinquent loans and loans subject to the bankruptcy of the borrower.

GEMSA’s servicing policies and procedures for the servicing functions it will perform under the primary servicing agreement for assets of the same type included in the securitization transaction are updated periodically to keep pace with the changes in the commercial mortgage-backed securities industry. For example, GEMSA has, in response to changes in federal or state law or investor requirements, (i) made changes in its insurance monitoring and risk-management functions as a result of the Terrorism Risk Insurance Act of 2002 and (ii) established a website

where investors and mortgage loan borrowers can access information regarding their investments and mortgage loans.

In this transaction, as a sub-servicer, GEMSA is generally responsible for only limited servicing functions with respect to certain of the underlying mortgage loans. GEMSA may from time to time perform some of its servicing obligations under the sub-servicing agreement through one or more third-party vendors that provide servicing functions such as property condition assessments and other services necessary in the routine course of providing the servicing functions required under the sub-servicing agreement. GEMSA will, in accordance with its internal procedures and applicable law, monitor and review the performance of any third-party vendors retained by it to perform servicing functions.

GEMSA will not have primary responsibility for custody services of original documents evidencing the underlying mortgage loans. GEMSA may from time to time have custody of certain of such documents as necessary for enforcement actions involving particular underlying mortgage loans or otherwise. To the extent that GEMSA has custody of any such documents for any such servicing purposes, such documents will be maintained in a manner consistent with the servicing standard under the primary servicing agreement.

No securitization transaction involving commercial or multifamily mortgage loans in which GEMSA was acting as a servicer has experienced a servicer event of default as a result of any action or inaction of GEMSA as servicer including as a result of GEMSA's failure to comply with the applicable servicing criteria in connection with any securitization transaction. GEMSA has made all advances required to be made by it under its servicing agreements for commercial and multifamily mortgage loans.

From time to time GEMSA is a party to lawsuits and other legal proceeding as part of its duties as a loan servicer (e.g., enforcement of loan obligations) and/or arising in the ordinary course of business. There are currently no legal proceedings pending and no legal proceedings known to be contemplated by government authorities against GEMSA or of which any of its property is the subject that is material to the series 2014-KS02 certificateholders.

Certain duties and obligations of GEMSA as a sub-servicer, and the provisions of the sub-servicing agreement, are described under “—Summary of GEMSA Sub-Servicing Agreement” below.

The sub-servicer is entitled to indemnification from the master servicer for losses and liabilities incurred in connection with its servicing functions under the sub-servicing agreement unless such losses and liabilities are caused by the sub-servicer's negligent misfeasance, bad faith, fraud or negligence as described under “—Summary of GEMSA Sub-Servicing Agreement” below.

The foregoing information set forth in this section “—Significant Sub-Servicers—GEMSA Loan Services, L.P.” has been provided by GEMSA. Neither the depositor nor any other person other than GEMSA makes any representation or warranty as to the accuracy or completeness of such information.

Certain terms of the series 2014-KS02 pooling and servicing agreement regarding GEMSA's removal are described under “—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Removal of the Master Servicer, the Special Servicer and any Sub-Servicer” below. GEMSA's rights and obligations with respect to indemnification, and certain limitations on GEMSA's liability under the series 2014-KS02 pooling and servicing agreement, are described in this information circular under “—Liability of the Servicers” and “—Certain Indemnities” below.

Summary of Berkadia Sub-Servicing Agreement

Pursuant to the terms of a sub-servicing agreement between Berkadia and the master servicer, Berkadia will perform all primary servicing functions in connection with the underlying mortgage loans, including, without limitation: (i) establishing and maintaining custodial accounts; (ii) generating remittance files and investor reporting packages in accordance with CREFC[®] reporting formats; (iii) preparing and filing all UCC continuation statements; (iv) conducting the inspections of the mortgaged real properties as provided in the applicable section of the series 2014-KS02 pooling and servicing agreement, and preparing and delivering to the master servicer a written report of the results of such inspection meeting the requirements of the report described in the series 2014-KS02 pooling and servicing agreement; such inspections will be performed at such times and in such manner as are consistent with the

Servicing Standard and at such intervals as required by the series 2014-KS02 pooling and servicing agreement, (v) using reasonable efforts consistent with the Servicing Standard to collect in accordance with and as required by the series 2014-KS02 pooling and servicing agreement, the quarterly, annual and other periodic operating statements, budgets and rent rolls with respect to the mortgaged real properties and delivering the same to the master servicer, (vi) for each underlying mortgage loan (other than an underlying mortgage loan that is a specially serviced mortgage loan) preparing in accordance with the series 2014-KS02 pooling and servicing agreement (or, if previously prepared, updating) the CREFC[®] net operating income adjustment worksheet and the CREFC[®] operating statement analysis report and delivering the same to the master servicer, (vii) certain functions with respect to assumptions, due-on-sale clause waivers and certain other borrower requests with respect to non-specially serviced mortgage loans and (viii) collecting payments from borrowers, depositing such payments in servicing, tax and escrow accounts, making tax, escrow, insurance and other reserve payments from reserve and escrow accounts, remitting such payments to the master servicer and processing certain borrower requests. With respect to any proposed assumption or due-on-sale waiver, (1) Berkadia will not permit or consent to any assumption, transfer or other similar action contemplated by the applicable sections of the series 2014-KS02 pooling and servicing agreement without the prior written consent of the master servicer, (2) Berkadia will perform and forward to the master servicer any analysis, recommendation or other information required to be prepared and/or delivered by the master servicer under the applicable section of the series 2014-KS02 pooling and servicing agreement, and (3) the master servicer, not Berkadia, will deal directly with the special servicer in connection with obtaining any necessary approval or consent from the special servicer.

The master servicer and Berkadia each agrees in the sub-servicing agreement to indemnify and hold harmless the master servicer, in the case of the Berkadia, and Berkadia, in the case of the master servicer (including any of their partners, directors, officers, employees or agents) from and against any and all liability, claim, loss, out-of-pocket cost (including reasonable attorneys' fees), penalty, expense or damage of the master servicer, in the case of Berkadia, and Berkadia, in the case of the master servicer (including any of their partners, directors, officers, employees or agents) resulting from (i) any breach by the indemnitor of any representation, warranty, covenant or agreement made by it in the sub-servicing agreement or (ii) any negligent misfeasance, bad faith, fraud or negligence by the indemnitor in the performance of its obligations or duties under the sub-servicing agreement or by reason of negligent disregard of such obligations and duties.

Berkadia may be terminated under the sub-servicing agreement in certain limited cases, including upon an event of default and request of Freddie Mac.

The foregoing information set forth in this section “—Summary of Berkadia Sub-Servicing Agreement” has been provided by Berkadia. Neither the depositor nor any other person other than Berkadia makes any representation or warranty as to the accuracy or completeness of such information.

Summary of GEMSA Sub-Servicing Agreement

Pursuant to the terms of a sub-servicing agreement between GEMSA and the master servicer, GEMSA will perform certain limited servicing functions. Generally GEMSA will perform the following services in connection with the underlying mortgage loans: (i) conducting the inspections of the mortgaged real properties as provided in the applicable section of the series 2014-KS02 pooling and servicing agreement, and preparing and delivering to the master servicer a written report of the results of such inspection meeting the requirements of the report described in the series 2014-KS02 pooling and servicing agreement; such inspections will be performed at such times and in such manner as are consistent with the Servicing Standard and at such intervals as required by the series 2014-KS02 pooling and servicing agreement, (ii) using reasonable efforts consistent with the Servicing Standard to collect in accordance with and as required by the series 2014-KS02 pooling and servicing agreement, the quarterly, annual and other periodic operating statements, budgets and rent rolls with respect to the mortgaged real properties and delivering the same to the master servicer, (iii) for each underlying mortgage loan (other than an underlying mortgage loan that is a specially serviced mortgage loan) preparing in accordance with the series 2014-KS02 pooling and servicing agreement (or, if previously prepared, updating) the CREFC[®] net operating income adjustment worksheet and the CREFC[®] operating statement analysis report and delivering the same to the master servicer, (iv) certain functions with respect to assumptions, due-on-sale clause waivers and certain other borrower requests with respect to non-specially serviced mortgage loans and (v) if GEMSA decides to act as a cashiering sub-servicer, collecting payments from borrowers, depositing such payments in servicing, tax and escrow accounts,

making tax, escrow, insurance and other reserve payments from reserve and escrow accounts, remitting such payments to the master servicer and processing certain borrower requests. With respect to any proposed assumption or due-on-sale waiver, (1) GEMSA will not permit or consent to any assumption, transfer or other similar action contemplated by the applicable sections of the series 2014-KS02 pooling and servicing agreement without the prior written consent of the master servicer, (2) GEMSA will perform and forward to the master servicer any analysis, recommendation or other information required to be prepared and/or delivered by the master servicer under the applicable section of the series 2014-KS02 pooling and servicing agreement, and (3) the master servicer, not GEMSA, will deal directly with the special servicer in connection with obtaining any necessary approval or consent from the special servicer. If GEMSA is not a cashiering sub-servicer, the master servicer, and not GEMSA, will handle assumptions and due-on-sale clause waivers.

The master servicer and GEMSA each agrees in the sub-servicing agreement to indemnify and hold harmless the master servicer, in the case of the GEMSA, and GEMSA, in the case of the master servicer (including any of their partners, directors, officers, employees or agents) from and against any and all liability, claim, loss, out-of-pocket cost (including reasonable attorneys' fees), penalty, expense or damage of the master servicer, in the case of GEMSA, and GEMSA, in the case of the master servicer (including any of their partners, directors, officers, employees or agents) resulting from (i) any breach by the indemnitor of any representation, warranty, covenant or agreement made by it in the sub-servicing agreement or (ii) any negligent misfeasance, bad faith, fraud or negligence by the indemnitor in the performance of its obligations or duties under the sub-servicing agreement or by reason of negligent disregard of such obligations and duties.

GEMSA may be terminated under the sub-servicing agreement in certain limited cases, including upon an event of default and request of Freddie Mac.

The foregoing information set forth in this section “—Summary of GEMSA Sub-Servicing Agreement” has been provided by GEMSA. Neither the depositor nor any other person other than GEMSA makes any representation or warranty as to the accuracy or completeness of such information.

Liability of the Servicers

The master servicer (either in its own right or on behalf of an indemnified sub-servicer), the special servicer and various related persons and entities will be entitled to be indemnified by the issuing entity for certain losses and liabilities incurred by the master servicer or the special servicer, as applicable, as described under “—Certain Indemnities” below.

The underlying mortgage loans will not be an obligation of, or be insured or guaranteed by the master servicer or the special servicer. In addition, the master servicer and the special servicer will be under no liability to the issuing entity, the other parties to the series 2014-KS02 pooling and servicing agreement or the series 2014-KS02 certificateholders for any action taken, or not taken, in good faith pursuant to the series 2014-KS02 pooling and servicing agreement or for errors in judgment. However, the master servicer and the special servicer will not be protected against any breach of warranties or representations made in the series 2014-KS02 pooling and servicing agreement or any liability which would otherwise be imposed by reason of negligent misfeasance, bad faith, fraud or negligence in the performance of its duties or negligent disregard of obligations and duties under the series 2014-KS02 pooling and servicing agreement.

The master servicer and the special servicer will be required to maintain a fidelity bond and errors and omissions policy or their equivalent that provides coverage against losses that may be sustained as a result of an officer's or employee's misappropriation of funds or errors and omissions, subject to certain limitations as to amount of coverage, deductible amounts, conditions, exclusions and exceptions permitted by the series 2014-KS02 pooling and servicing agreement.

Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties

Resignation of the Master Servicer or the Special Servicer. The master servicer and the special servicer will only be permitted to resign from their respective obligations and duties under the series 2014-KS02 pooling and servicing agreement upon (i) a determination that such party's duties are no longer permissible under applicable law or (ii) the appointment of, and the acceptance of such appointment by, a successor to the resigning master servicer or

special servicer, as applicable. Any such successor must satisfy the following conditions applicable to it (the “Successor Servicer Requirements”): (a) Freddie Mac has approved such successor, which approval will not be unreasonably withheld or delayed, (b) the successor to the master servicer or special servicer, as the case may be, agrees in writing to assume all of the responsibilities, duties and liabilities of the master servicer or special servicer, as the case may be, under the series 2014-KS02 pooling and servicing agreement and certain sub-servicing agreements that arise thereafter, (c) such successor (A) is then listed on S&P’s Select Servicer List as a U.S. Commercial Mortgage Master Servicer (in the case of a successor master servicer) or a U.S. Commercial Mortgage Special Servicer (in the case of a successor special servicer) and (B) is rated at least “CMS3” (in the case of a successor master servicer) or “CSS3” (in the case of a successor special servicer) by Fitch and (d) with respect to a successor special servicer, the trustee receives an opinion of counsel generally to the effect that the agreement pursuant to which such special servicer is replaced is binding. Any determination permitting the resignation of the master servicer or special servicer because such party’s duties are no longer permissible under applicable law must be evidenced by an opinion of counsel to such effect delivered to the trustee, the cost of which, together with any other expenses of such resignation, are required to be borne by the resigning party. No resignation by the master servicer or special servicer will become effective until the trustee or the successor to the master servicer or special servicer, as applicable, has assumed the resigning master servicer’s or special servicer’s, as applicable, responsibilities and obligations under the series 2014-KS02 pooling and servicing agreement in accordance with this paragraph.

Removal of the Master Servicer, the Special Servicer and any Sub-Servicer. If an event of default described under “—Events of Default” below occurs with respect to the master servicer or the special servicer and remains unremedied, the trustee will be authorized, and at the direction of the series 2014-KS02 directing certificateholder or Freddie Mac, the trustee will be required, to terminate the defaulting party and appoint a successor, as described under “—Rights Upon Event of Default” below. The defaulting party is entitled to the payment of all compensation, indemnities, reimbursements and similar amounts accrued and unpaid to the date of termination.

In addition, the series 2014-KS02 directing certificateholder will be entitled to remove, with or without cause, the special servicer and appoint a successor special servicer rather than have the trustee act as that successor, upon not less than thirty (30) business days’ prior written notice to the respective parties to the series 2014-KS02 pooling and servicing agreement. Any successor special servicer must satisfy the Successor Servicer Requirements. In addition, the trustee must receive an opinion of counsel to the effect that the removal of the special servicer is in compliance with the terms of the series 2014-KS02 pooling and servicing agreement. If such removal is without cause, all costs of the issuing entity and the special servicer incurred in connection with transferring the subject special servicing responsibilities to a successor special servicer will be the responsibility of the series 2014-KS02 directing certificateholder that effected the termination. Moreover, the terminated special servicer will be entitled to—

- payment out of the collection account for all earned and unpaid special servicing fees and additional special servicing compensation;
- continued rights to indemnification; and
- continued rights to some or all liquidation and work-out fees earned by it as described below under “—Servicing and Other Compensation and Payment of Expenses.”

In addition, Freddie Mac will be entitled to direct the master servicer to remove any sub-servicer if (i) Freddie Mac determines, in accordance with the provisions of the Guide that any sub-servicer should not sub-service the underlying mortgage loans or (ii) such sub-servicer becomes an affiliate of the trustee. Any sub-servicer that is terminated pursuant to clauses (i) or (ii) above will have the right to sell its sub-servicing to either the master servicer or another sub-servicer acceptable to Freddie Mac, which acceptance may not be unreasonably withheld or delayed. Any such removal of a sub-servicer will be at the expense of Freddie Mac, and none of the master servicer, the special servicer, the issuing entity, the depositor or the trustee will be liable for any termination fees and expenses payable to any sub-servicer upon such removal.

Transfer of Servicing Duties. In connection with such appointment and assumption of a successor to the master servicer or the special servicer as described in this information circular, subject to the right of the predecessor master servicer or special servicer to retain certain fees earned by it prior to the subject event of default, the trustee may

make such arrangements for the compensation of such successor out of payments on the underlying mortgage loans as it and such successor agree. However, no such compensation with respect to a successor master servicer or successor special servicer, as the case may be, will be in excess of that paid to the terminated master servicer or special servicer, as the case may be, under the series 2014-KS02 pooling and servicing agreement. The trustee, the master servicer, the special servicer and such successor are required to take such action, consistent with the series 2014-KS02 pooling and servicing agreement, as will be necessary to effectuate any such succession. Any reasonable costs and expenses associated with the transfer of the servicing function (other than with respect to a termination without cause of the special servicer by the series 2014-KS02 directing certificateholder as described above under “—Removal of the Master Servicer, the Special Servicer and any Sub-Servicer”) under the series 2014-KS02 pooling and servicing agreement will be required to be borne by the predecessor master servicer or special servicer. However, if such predecessor master servicer or special servicer, as applicable, fails to pay such costs and expenses after reasonable efforts to obtain payment, then such costs and expenses will be an expense of the issuing entity.

If the master servicer or special servicer, as the case may be, is terminated pursuant to the terms of the series 2014-KS02 pooling and servicing agreement, it is required to promptly provide the trustee with all documents and records requested by it to enable the trustee or another successor to assume the master servicer’s or special servicer’s, as the case may be, functions under the series 2014-KS02 pooling and servicing agreement, and is required to reasonably cooperate with the trustee in effecting the termination of the master servicer’s or special servicer’s, as the case may be, responsibilities and rights under the series 2014-KS02 pooling and servicing agreement, including, without limitation, the prompt transfer to the trustee or another successor for administration by it of all cash amounts which are at the time, or should have been, credited by the master servicer to the collection account or any other account held by it on account of the underlying mortgage loans or credited by the special servicer to an REO account, as the case may be, or which thereafter are received with respect to any underlying mortgage loan or any REO Property.

The Trustee, Certificate Administrator and Custodian

U.S. Bank National Association, a national banking association (“U.S. Bank”), will act as trustee, certificate administrator, custodian and certificate registrar under the series 2014-KS02 pooling and servicing agreement. U.S. Bancorp, with total assets exceeding \$364 billion as of December 31, 2013, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of December 31, 2013, U.S. Bancorp served approximately 17 million customers and operated over 3,000 branch offices in 25 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country with office locations in 49 domestic and 3 international cities. The series 2014-KS02 pooling and servicing agreement will be administered from U.S. Bank’s corporate trust office located at 190 South LaSalle Street, 7th Floor, Mailcode MK-IL-SL7C, Chicago, Illinois 60603 (and for certificate transfer services, 111 Fillmore Avenue, St. Paul, Minnesota 55107, Attention: Bondholder Services – FREMF 2014-KS02).

U.S. Bank has provided corporate trust services since 1924. As of December 31, 2013, U.S. Bank was acting as trustee with respect to over 84,000 issuances of securities with an aggregate outstanding principal balance of over \$3.0 trillion. This portfolio includes corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations.

The certificate administrator is required to make each monthly statement available to the Certificateholders via the certificate administrator’s internet website at <http://www.usbank.com/abs>. Certificateholders with questions may direct them to the certificate administrator’s bondholder services group at (800) 934-6802.

As of December 31, 2013, U.S. Bank (and its affiliate U.S. Bank Trust National Association) was acting as trustee, paying agent and certificate registrar on 314 issuances of commercial mortgage backed securities with an outstanding aggregate principal balance of approximately \$213,224,500,000.

Under the terms of the series 2014-KS02 pooling and servicing agreement, U.S. Bank is responsible for securities administration, which includes pool performance calculations, distribution calculations and the preparation of monthly distribution reports. The distribution reports will be reviewed by an analyst and then by a supervisor

using a transaction-specific review spreadsheet. Any corrections identified by the supervisor will be corrected by the analyst and reviewed by the supervisor. The supervisor also will be responsible for the timely delivery of reports to the administration unit for processing all cashflow items. As securities administrator, U.S. Bank is also responsible for the preparation and filing of all REMIC tax returns on behalf of the issuing entity. In the past three years, the securities administrator has not made material changes to the policies and procedures of its securities administration services for commercial mortgage backed securities.

U.S. Bank will act as custodian of the mortgage files pursuant to the series 2014-KS02 pooling and servicing agreement. As custodian, U.S. Bank is responsible for holding the mortgage files on behalf of the trustee. U.S. Bank will hold the mortgage files in one of its custodial vaults, which are located at 1133 Rankin Street, Suite 100, St. Paul, Minnesota 55116 Attention: Document Custody Services—FREMIF 2014-KS02 Mortgage Trust. The mortgage files are tracked electronically to identify that they are held by U.S. Bank pursuant to the series 2014-KS02 pooling and servicing agreement. U.S. Bank uses a barcode tracking system to track the location of, and owner or secured party with respect to, each file that it holds as custodian, including the mortgage files held on behalf of the trustee. As of December 31, 2013, U.S. Bank holds approximately 10,049,000 document files for approximately 980 entities and has been acting as a custodian for over 20 years.

In its capacity as trustee on commercial mortgage securitizations, U.S. Bank is generally required to make an advance if the related master servicer or special servicer fails to make a required advance. In the past three years, U.S. Bank, in its capacity as trustee, has not been required to make an advance on a domestic commercial mortgage backed securities transaction.

The foregoing information set forth in this section “—The Trustee, Certificate Administrator and Custodian” has been provided by U.S. Bank. Neither the depositor nor any other person other than U.S. Bank makes any representation or warranty as to the accuracy or completeness of such information.

Each of the trustee, the certificate administrator, the custodian and various related persons and entities will be entitled to be indemnified by the issuing entity for certain losses and liabilities incurred by the trustee, the certificate administrator or the custodian, as applicable, as described in “—Certain Indemnities” below.

See also “—Rights Upon Event of Default,” “—Matters Regarding the Trustee, the Certificate Administrator and the Custodian” and “—Certain Indemnities” below.

Resignation and Removal of the Trustee and the Certificate Administrator

Each of the trustee and the certificate administrator will be permitted at any time to resign from its obligations and duties under the series 2014-KS02 pooling and servicing agreement by giving written notice to the depositor, master servicer, special servicer, Freddie Mac, the trustee or the certificate administrator, as the case may be, and all series 2014-KS02 certificateholders. In addition, compliance with the Investment Company Act may require the trustee to resign if an affiliate of the trustee is servicing or sub-servicing the underlying mortgage loans. Upon receiving a notice of resignation, the depositor will be required to use its best efforts to promptly appoint a qualified successor trustee or certificate administrator reasonably acceptable to Freddie Mac. If no successor trustee or certificate administrator has accepted an appointment within a specified period after the giving of the notice of resignation, the resigning trustee or certificate administrator may petition any court of competent jurisdiction to appoint a successor trustee or certificate administrator, as applicable.

Each of the trustee and the certificate administrator must at all times be, and will be required to resign if it fails to be, (i)(a) a corporation, national bank, trust company or national banking association, organized and doing business under the laws of any state or the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers and to accept the trust conferred under the series 2014-KS02 pooling and servicing agreement, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority and may not be an affiliate of the depositor, the master servicer (but only with respect to the trustee) or the special servicer (except during any period when the trustee is acting as, or has become successor to, a master servicer or special servicer, as the case may be), (b) an institution insured by the Federal Deposit Insurance Corporation and (c) an institution whose long term senior unsecured debt is rated “A” or higher by Fitch and “Aa3” or higher by Moody’s (or “A2” or higher by Moody’s if such institution’s short-term unsecured debt obligations are rated “P-1” or higher by Moody’s) or (ii) otherwise acceptable to Freddie Mac and

the series 2014-KS02 directing certificateholder with respect to such trustee or certificate administrator, as applicable.

If at any time the trustee or the certificate administrator ceases to be eligible to continue as the trustee or the certificate administrator under the series 2014-KS02 pooling and servicing agreement and fails to resign after written request by Freddie Mac, the depositor or the master servicer, or if at any time the trustee or the certificate administrator, as applicable, becomes incapable of acting, or if some events of, or proceedings in respect of, bankruptcy or insolvency occur with respect to the trustee or the certificate administrator, the depositor will be authorized to remove the trustee or the certificate administrator and appoint a successor trustee or certificate administrator, as applicable. In addition, holders of the certificates entitled to at least 51% of the voting rights may at any time, without cause, remove the trustee or certificate administrator under the series 2014-KS02 pooling and servicing agreement and appoint a successor trustee or certificate administrator acceptable to Freddie Mac. Any successor trustee or certificate administrator must be an institution that meets the requirements of the immediately preceding paragraph. Further, if the ratings of the trustee or the certificate administrator fall below the ratings required by the immediately preceding paragraph, Freddie Mac will have the right to remove the trustee or certificate administrator, as applicable, and appoint a successor trustee or certificate administrator in accordance with the standards set forth in the series 2014-KS02 pooling and servicing agreement and who is otherwise acceptable to Freddie Mac in its sole discretion.

Any resignation or removal of a trustee or a certificate administrator and appointment of a successor trustee or certificate administrator will not become effective until acceptance of appointment by the successor trustee or certificate administrator, as applicable.

In the event of any resignation or removal of a trustee or a certificate administrator (other than a resignation of a trustee that is required solely due to a change in law or a conflict of interest arising after the Closing Date that is not waived by all of the parties in conflict or is unwaivable), such resignation or removal will be effective with respect to each of such party's other capacities under the series 2014-KS02 pooling and servicing agreement, including, without limitation, such party's capacities as trustee, custodian, certificate administrator and certificate registrar, as the case may be.

See “—Rights Upon Event of Default,” “—Matters Regarding the Trustee, the Certificate Administrator and the Custodian” and “—Certain Indemnities” below.

Assignment of the Underlying Mortgage Loans

On the date of initial issuance of the offered certificates, we will sell, assign, transfer or otherwise convey all of our right, title and interest in and to the mortgage loans acquired from the mortgage loan seller, without recourse, to the trustee for the benefit of the holders of the series 2014-KS02 certificates. We will also assign to the trustee our rights under the agreement pursuant to which we acquired the underlying mortgage loans from the mortgage loan seller, except for certain rights to receive notices regarding demands for the mortgage loan seller to repurchase or replace any of the underlying mortgage loans.

Servicing Under the Series 2014-KS02 Pooling and Servicing Agreement

General. The master servicer and special servicer must service and administer the underlying mortgage loans and any REO Properties owned by the issuing entity for which it is responsible under the series 2014-KS02 pooling and servicing agreement directly, through sub-servicers or through an affiliate as provided in the series 2014-KS02 pooling and servicing agreement, in accordance with—

- any and all applicable laws,
- the express terms of the series 2014-KS02 pooling and servicing agreement,
- the express terms of the respective underlying mortgage loans and any applicable intercreditor, co-lender or similar agreements, and
- to the extent consistent with the foregoing, the Servicing Standard.

In general, the master servicer will be responsible for the servicing and administration of—

- all underlying mortgage loans as to which no Servicing Transfer Event has occurred, and
- all worked-out underlying mortgage loans as to which no new Servicing Transfer Event has occurred.

In the event that a Servicing Transfer Event occurs with respect to any underlying mortgage loan, that underlying mortgage loan will not be considered to be “worked-out” until all applicable Servicing Transfer Events have ceased to exist.

In general, subject to specified requirements and certain consultations, consents and approvals of the series 2014-KS02 directing certificateholder contained in the series 2014-KS02 pooling and servicing agreement, the special servicer will be responsible for the servicing and administration of each underlying mortgage loan as to which a Servicing Transfer Event has occurred and is continuing. They will also be responsible for the administration of each REO Property in the issuing entity.

Despite the foregoing, the series 2014-KS02 pooling and servicing agreement will require the master servicer:

- to continue to receive payments and, subject to the master servicer’s timely receipt of information from the special servicer, prepare and deliver all reports to the certificate administrator required with respect to any specially serviced assets; and
- otherwise, to render other incidental services with respect to any specially serviced assets.

The master servicer will transfer servicing of an underlying mortgage loan to the special servicer upon the occurrence of a Servicing Transfer Event with respect to that mortgage loan. The special servicer will return the servicing of that underlying mortgage loan to the master servicer, and that underlying mortgage loan will be considered to have been worked-out, if and when all Servicing Transfer Events with respect to that underlying mortgage loan cease to exist and that underlying mortgage loan has become a Corrected Mortgage Loan.

The Guide

In addition to the specific requirements of the series 2014-KS02 pooling and servicing agreement as described above, and to the extent not inconsistent therewith, the master servicer and special servicer will be required to service the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans in accordance with the Guide. Freddie Mac may waive or modify its servicing policies and procedures, as reflected in the Guide at any time. The Guide can be accessed by subscribers at www.allregs.com.

Generally, under the Guide, servicers are required to perform all services and duties customary to the servicing of multifamily mortgage loans. These include:

- collecting and posting payments on the underlying mortgage loans;
- investigating delinquencies and defaults;
- analyzing and recommending any borrower requests, such as requests for assumptions, subordinate financing and partial release;
- submitting monthly electronic remittance reports and annual financial statements obtained from borrowers;
- administering escrow accounts;
- inspecting properties;
- responding to inquiries of mortgage originators or government authorities; and
- collecting and administering insurance claims.

See “Risk Factors—Risks Related to the Underlying Mortgage Loans—The Master Servicer and the Special Servicer Will Be Required To Service Certain Underlying Mortgage Loans in Accordance with the Guide, Which May Limit the Ability of the Master Servicer and the Special Servicer to Make Certain Servicing Decisions” in this information circular.

Servicing and Other Compensation and Payment of Expenses

The Servicing Fee. The principal compensation to be paid to the master servicer with respect to its master servicing activities will be a servicing fee consisting of a master servicing fee and a sub-servicing fee.

A master servicing fee:

- will be earned with respect to each and every underlying mortgage loan including (without duplication)—
 1. each Specially Serviced Mortgage Loan, if any, and
 2. each mortgage loan, if any, as to which the corresponding mortgaged real property has become an REO Property, and
- in the case of each underlying mortgage loan will—
 1. be calculated on the same interest accrual basis as that underlying mortgage loan,
 2. accrue at a master servicing fee rate of 0.0200% per annum,
 3. accrue on the same principal amount as interest accrues or is deemed to accrue from time to time with respect to that underlying mortgage loan, and
 4. be payable monthly from amounts received with respect to interest on that underlying mortgage loan (or if not so paid, will accrue and remain outstanding).

A sub-servicing fee:

- will be earned with respect to each and every underlying mortgage loan, including (without duplication) Specially Serviced Mortgage Loans and each mortgage loan, if any, as to which the corresponding mortgaged real property has become an REO Property, and
- in the case of each underlying mortgage loan will—
 1. be calculated on the same interest accrual basis as that underlying mortgage loan,
 2. accrue at a sub-servicing fee rate ranging from 0.0500% per annum to 0.1300% per annum on the Stated Principal Balance of the related underlying mortgage loan,
 3. accrue on the same principal amount as interest accrues or is deemed to accrue from time to time with respect to that underlying mortgage loan, and
 4. be payable monthly from amounts received with respect to interest on that underlying mortgage loan (or if not so paid, will accrue and remain outstanding).

In the event that Wells Fargo Bank resigns or is terminated as master servicer, Wells Fargo Bank will also be entitled to retain any sub-servicing fee payable to it in its capacity as primary servicer so long as it continues to act in that capacity for any underlying mortgage loan.

The right of the master servicer to receive the master servicing fee may not be transferred in whole or in part except in connection with the transfer of all of the master servicer’s responsibilities and obligations under the series 2014-KS02 pooling and servicing agreement.

Prepayment Interest Shortfalls. The series 2014-KS02 pooling and servicing agreement provides that, although the loan documents require the payment of a full month's interest on any voluntary prepayment not made on a due date, if any Prepayment Interest Shortfall is incurred by reason of the master servicer's acceptance, other than at the request of the series 2014-KS02 directing certificateholder, of any principal prepayment relating to one or more underlying mortgage loans during any Collection Period, then the master servicer must make a payment with respect to the related distribution date in an amount equal to the aggregate of such Prepayment Interest Shortfalls for such Collection Period up to an amount not to exceed the master servicing fee for such Collection Period, with no right to reimbursement. This obligation to cover Prepayment Interest Shortfalls will not apply with respect to a principal prepayment accepted by the master servicer (i) with respect to any Specially Serviced Mortgage Loan, (ii) subsequent to a default under the related loan documents (*provided* that the master servicer or special servicer reasonably believes that acceptance of such prepayment is consistent with the Servicing Standard), (iii) pursuant to applicable law or a court order, (iv) in respect of a payment of insurance and condemnation proceeds or (v) pursuant to any term of the related loan documents that allows such prepayment to be made without the payment of a full month's interest.

In addition, if Prepayment Interest Shortfalls are incurred during any Collection Period with respect to any underlying mortgage loan serviced by the master servicer and the master servicer's payment in respect of such Prepayment Interest Shortfalls as contemplated by the prior paragraph is less than the entire amount of Prepayment Interest Shortfalls, then the master servicer (i) must apply any Prepayment Interest Excesses received during that Collection Period with respect to other underlying mortgage loans to offset such Prepayment Interest Shortfalls and (ii) in any event, may retain, as additional compensation, any such Prepayment Interest Excesses that are not needed to accomplish such offset.

No other master servicing compensation will be available to cover Prepayment Interest Shortfalls, and the master servicer's obligation to make payments to cover Prepayment Interest Shortfalls in respect of a particular Collection Period will not carry over to any subsequent Collection Period.

Any payments made by the master servicer with respect to any distribution date to cover Prepayment Interest Shortfalls, and any Prepayment Interest Excesses applied to offset Prepayment Interest Shortfalls, will be included in the Available Distribution Amount for that distribution date, as described under "Description of the Series 2014-KS02 Certificates—Distributions" in this information circular. If the amount of Prepayment Interest Shortfalls incurred with respect to the mortgage pool during any Collection Period exceeds the sum of—

- any payments made by the master servicer with respect to the related distribution date to cover those Prepayment Interest Shortfalls, and
- any Prepayment Interest Excesses applied to offset those Prepayment Interest Shortfalls,

then the resulting Net Aggregate Prepayment Interest Shortfall will be allocated among the respective interest-bearing classes of the series 2014-KS02 certificates, in reduction of the interest distributable on those certificates, as and to the extent described under "Description of the Series 2014-KS02 Certificates—Distributions—Interest Distributions" in this information circular.

Principal Special Servicing Compensation. The principal compensation to be paid to the special servicer with respect to its special servicing activities will be—

- the corresponding special servicing fees;
- the corresponding work-out fees; and
- the corresponding liquidation fees.

Special Servicing Fee. A special servicing fee:

- will be earned with respect to—
 1. each underlying mortgage loan, if any, that is being specially serviced, and

2. each underlying mortgage loan, if any, as to which the corresponding mortgaged real property has become an REO Property;
- in the case of each underlying mortgage loan described in the foregoing bullet, will—
 1. be calculated on the same interest accrual basis as that underlying mortgage loan,
 2. accrue at a special servicing fee rate of 0.2500% per annum, and
 3. accrue on the Stated Principal Balance of that underlying mortgage loan outstanding from time to time; and
 - will generally be payable to the special servicer monthly from general collections on the mortgage pool.

Work-out Fee. The special servicer will, in general, be entitled to receive a work-out fee with respect to each Specially Serviced Mortgage Loan that has been worked out by it. The work-out fee will be payable out of, and will generally be calculated by application of a work-out fee rate of 1.0% to each payment of interest (other than Default Interest) and principal (including scheduled payments, prepayments, balloon payments, payments at maturity and payments resulting from a partial condemnation) received on the underlying mortgage loan for so long as it remains a worked-out mortgage loan. The work-out fee with respect to any worked-out mortgage loan will cease to be payable if a new Servicing Transfer Event occurs with respect to that underlying mortgage loan. However, a new work-out fee would become payable if the underlying mortgage loan again became a worked-out underlying mortgage loan with respect to that new Servicing Transfer Event.

If the special servicer is terminated (other than for cause) or resigns, it will retain the right to receive any and all work-out fees payable with respect to underlying mortgage loans that were (or were close to being) worked out by it during the period that it acted as the special servicer and as to which no new Servicing Transfer Event had occurred as of the time of that termination. The successor special servicer will not be entitled to any portion of those work-out fees.

Although work-out fees are intended to provide the special servicer with an incentive to better perform its duties, the payment of any work-out fee will reduce amounts payable to the series 2014-KS02 certificateholders.

Liquidation Fee. The special servicer will be entitled to receive a liquidation fee with respect to each Specially Serviced Mortgage Loan for which it obtains a full, partial or discounted payoff from the related borrower. The special servicer will also be entitled to receive a liquidation fee with respect to any Specially Serviced Mortgage Loan or REO Property as to which it receives any liquidation proceeds, except as described in the next paragraph. A liquidation fee will also be payable in connection with the repurchase or replacement of any worked-out mortgage loan for a material breach of a representation or warranty or a material document defect, as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this information circular, if the repurchase or substitution occurs after the end of the applicable cure period (and any applicable extension of the applicable cure period). As to each Specially Serviced Mortgage Loan and REO Property, the liquidation fee will generally be payable from, and will be calculated by application of a liquidation fee rate of 1.0% to, the related payment or proceeds, exclusive of liquidation expenses.

Despite anything to the contrary described in the prior paragraph, no liquidation fee will be payable based on, or out of, proceeds received in connection with—

- the purchase of a Defaulted Loan if the purchaser is the series 2014-KS02 directing certificateholder and it purchases such underlying mortgage loan within ninety (90) days after the special servicer provides the initial Fair Value Notice described in “—Realization Upon Mortgage Loans—Purchase Option” below, or at any time if the purchaser is Freddie Mac or the related Junior Loan Holder as described under “—Realization Upon Mortgage Loans—Purchase Option” below;
- the repurchase or replacement of any underlying mortgage loan for a material breach of a representation or warranty or a material document defect as described under “Description of the Underlying Mortgage

Loans—Cures, Repurchases and Substitutions” in this information circular, within the applicable cure period (and any applicable extension of the applicable cure period); or

- the purchase of all of the underlying mortgage loans and REO Properties in the issuing entity by the master servicer, the special servicer or holders of more than 50% of the percentage interests of the Controlling Class in connection with the termination of the issuing entity, as described under “—Termination” below.

Although liquidation fees are intended to provide the special servicer with an incentive to better perform its duties, the payment of any liquidation fee will reduce amounts payable to the series 2014-KS02 certificateholders.

The right of the special servicer to receive the related special servicing fee may not be transferred in whole or in part except in connection with the transfer of all of the special servicer’s responsibilities and obligations under the series 2014-KS02 pooling and servicing agreement.

Notwithstanding anything to the contrary, but subject to the immediately preceding paragraph, the special servicer may enter into one or more arrangements to assign to another party (including, without limitation, any certificateholder or an affiliate of any certificateholder), or to provide for the payment by the special servicer to such party, of all or a portion of the special servicer’s compensation (other than the special servicing fee, as described in the immediately preceding paragraph) under the series 2014-KS02 pooling and servicing agreement, *provided*, that any such assignment or provision will not be binding on any successor special servicer or any other party to the series 2014-KS02 pooling and servicing agreement.

Additional Servicing Compensation. The master servicer may retain, as additional compensation, any Prepayment Interest Excesses received with respect to the underlying mortgage loans, but only to the extent that such Prepayment Interest Excesses are not needed to offset Prepayment Interest Shortfalls, as described under “—Prepayment Interest Shortfalls” above.

In addition, the following items collected on the underlying mortgage loans will be allocated between the master servicer and the special servicer as additional compensation in accordance with the series 2014-KS02 pooling and servicing agreement:

- any late payment charges and Default Interest actually collected on an underlying mortgage loan and that are not otherwise applied—
 1. to pay the master servicer or the trustee, as applicable, any unpaid interest on advances made by that party with respect to that underlying mortgage loan or the related mortgaged real property,
 2. to reimburse the issuing entity for any unreimbursed interest on advances that were made with respect to that underlying mortgage loan or the related mortgaged real property, which interest was paid to the master servicer or the trustee, as applicable, from collections on the mortgage pool other than late payment charges and Default Interest collected on that underlying mortgage loan, or
 3. to reimburse the issuing entity for any other Additional Issuing Entity Expenses (including any special servicing fees, workout fees, and liquidation fees) related to that underlying mortgage loan, and
- any extension fees, modification fees, assumption fees, assumption application fees, earnout fees, consent/waiver fees and other comparable transaction fees and charges.

The master servicer will be authorized to invest or direct the investment of funds held in its collection account, or in any escrow and/or reserve account maintained by it, in Permitted Investments. See “—Collection Accounts” below. The master servicer—

- will generally be entitled to retain any interest or other income earned on those funds; and
- will be required to cover any losses of principal from its own funds, to the extent those losses are incurred with respect to investments made for the master servicer’s benefit, but the master servicer is not required to cover any losses caused by the insolvency of the depository institution or trust company holding such

account so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the series 2014-KS02 pooling and servicing agreement at the time such investment was made and (b) is neither the master servicer nor an affiliate of the master servicer and (ii) such insolvency occurs within thirty (30) days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the series 2014-KS02 pooling and servicing agreement.

The special servicer will be authorized to invest or direct the investment of funds held in its REO account in Permitted Investments. See “—Realization Upon Mortgage Loans—REO Account” below. The special servicer—

- will generally be entitled to retain any interest or other income earned on those funds; and
- will be required to cover any losses of principal from its own funds, to the extent those losses are incurred with respect to investments made for the special servicer’s benefit, but the special servicer is not required to cover any losses caused by the insolvency of the depository institution or trust company holding the REO accounts so long as (i) such depository institution or trust company (a) satisfied the requirements set forth in the series 2014-KS02 pooling and servicing agreement at the time such investment was made and (b) is neither the special servicer nor an affiliate of the special servicer and (ii) such insolvency occurs within thirty (30) days of the date on which such depository institution or trust company no longer satisfies the requirements set forth in the series 2014-KS02 pooling and servicing agreement.

Servicing Advances. With respect to each underlying mortgage loan, in accordance with the Servicing Standard, the master servicer will be obligated, if and to the extent necessary, to advance all such amounts as are necessary to pay, among other things, (i) premiums on insurance policies with respect to the related mortgaged real property; (ii) operating, leasing, managing and liquidation expenses for the mortgaged real property after it has become an REO Property; (iii) the cost of environmental inspections with respect to the mortgaged real property; (iv) real estate taxes, assessments and other items that are or may become a lien on the mortgaged real property; (v) the costs of any enforcement or judicial proceedings with respect to that mortgage loan, including foreclosure and similar proceedings; (vi) the cost of appraisals with respect to such mortgaged real property and (vii) any other amount required to be paid as a servicing advance under the series 2014-KS02 pooling and servicing agreement (collectively “Servicing Advances”).

Any and all customary, reasonable and necessary out-of-pocket costs and expenses (including for the remediation of any adverse environmental circumstance or condition at any of the mortgaged real properties) incurred by the master servicer or special servicer in connection with the servicing of an underlying mortgage loan if a default, delinquency or other unanticipated event has occurred or is reasonably foreseeable, or in connection with the administration of any REO Property in the issuing entity, will be Servicing Advances. Servicing Advances will be reimbursable from future payments and other collections, including insurance proceeds, condemnation proceeds and liquidation proceeds, received in connection with the related underlying mortgage loan or REO Property, except as described below with respect to Nonrecoverable Servicing Advances.

The special servicer will request the master servicer to make required Servicing Advances with respect to a Specially Serviced Mortgage Loan or REO Property on a monthly basis (except for Servicing Advances required on an emergency basis). The special servicer must make the request not less than five (5) business days prior to the date the subject advance is required to be made (except for Servicing Advances required on an emergency basis). The master servicer must make the requested Servicing Advance within a specified number of days following the master servicer’s receipt of the request. The special servicer will be required to provide the master servicer any information in its possession as the master servicer may reasonably request to enable the master servicer to determine whether a requested Servicing Advance would be recoverable from expected collections on the Specially Serviced Mortgage Loan or REO Property.

To the extent that the master servicer fails to make a Servicing Advance that it is required to make under the series 2014-KS02 pooling and servicing agreement and a responsible officer of the trustee has received written notice or has actual knowledge of such failure by the master servicer, the trustee will be required to make such Servicing Advance pursuant to the series 2014-KS02 pooling and servicing agreement no later than one business day following the master servicer’s failure to make such Servicing Advances by expiration of the applicable cure period as described under “—Events of Default” below.

Despite the foregoing discussion or anything else to the contrary in this information circular, neither the trustee nor the master servicer will be obligated to make Servicing Advances that, in its judgment, would not be ultimately recoverable from expected collections on the related underlying mortgage loan or REO Property. If the master servicer or the trustee makes a Servicing Advance with respect to any underlying mortgage loan or related REO Property (including any such Servicing Advance that is a Workout-Delayed Reimbursement Amount), that it or the special servicer subsequently determines is not recoverable from expected collections on that underlying mortgage loan or REO Property (or, if such advance becomes a Workout-Delayed Reimbursement Amount, out of collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for a Nonrecoverable Advance) (any such Servicing Advance, a “Nonrecoverable Servicing Advance”), it may obtain reimbursement for that advance, together with interest on that advance, out of general collections on the mortgage pool. In making such determination, the master servicer, the trustee or the special servicer, as applicable, may take into account a range of relevant factors, including, among other things, (i) the existence of any outstanding Nonrecoverable Advance or Workout-Delayed Reimbursement Amount on any underlying mortgage loan or REO Loan, (ii) the obligations of the borrower under the related underlying mortgage loan, (iii) the related mortgaged real property in its “as is” condition, (iv) future expenses and (v) the timing of recoveries. Any reimbursement of a Nonrecoverable Servicing Advance (including interest accrued on such amount) as described in the preceding sentence will be deemed to be reimbursed first from payments and other collections of principal on the underlying mortgage loans (thereby reducing the amount of principal otherwise distributable on the series 2014-KS02 certificates on the related distribution date) prior to the application of any other general collections on the mortgage pool against such reimbursement. The trustee will be entitled to conclusively rely on the master servicer’s determination that a Servicing Advance is nonrecoverable. The master servicer and the trustee will be required to conclusively rely on and be bound by the special servicer’s determination that a Servicing Advance is a Nonrecoverable Servicing Advance, *provided* that in the absence of such determination by the special servicer, each of the master servicer and the trustee will be entitled to make its own determination that a Servicing Advance is a Nonrecoverable Servicing Advance, and in no event will a determination by the special servicer that a previously made or proposed Servicing Advance would be recoverable be binding on the master servicer or the trustee.

Notwithstanding the foregoing, instead of obtaining reimbursement out of general collections on the mortgage pool immediately, the master servicer or the trustee, as applicable, may, in its sole discretion, elect to obtain reimbursement for a Nonrecoverable Servicing Advance over a period of time (not to exceed six months without the consent of the series 2014-KS02 directing certificateholder or 12 months in any event), with interest on such amount at the Prime Rate. At any time after such a determination to obtain reimbursement over time in accordance with the preceding sentence, the master servicer or the trustee, as applicable, may, in its sole discretion, decide to obtain reimbursement from general collections on the mortgage pool immediately. In general, such a reimbursement deferral will only be permitted under the series 2014-KS02 pooling and servicing agreement if and to the extent that the subject Nonrecoverable Servicing Advance, after taking into account other outstanding Nonrecoverable Advances, could not be reimbursed with interest out of payments and other collections of principal on the mortgage pool during the current Collection Period. The fact that a decision to recover a Nonrecoverable Servicing Advance over time, or not to do so, benefits some classes of series 2014-KS02 certificateholders to the detriment of other classes of series 2014-KS02 certificateholders will not constitute a violation of the Servicing Standard or a breach of the terms of the series 2014-KS02 pooling and servicing agreement by any party to the series 2014-KS02 pooling and servicing agreement, or a violation of any duty owed by any party to the series 2014-KS02 pooling and servicing agreement, to the series 2014-KS02 certificateholder.

In addition, in the event that any Servicing Advance becomes a Workout-Delayed Reimbursement Amount, the master servicer or the trustee, as applicable, will be entitled to reimbursement for such advance and interest accrued on such advance (even though that advance is not deemed a Nonrecoverable Servicing Advance), on a monthly basis, out of – but solely out of – payments and other collections of principal on all the underlying mortgage loans after the application of those principal payments and collections to reimburse any party for any Nonrecoverable Advance, prior to any distributions of principal on the series 2014-KS02 certificates. If any such advance is not reimbursed in whole due to insufficient principal collections during the related Collection Period, the portion of that advance which remains unreimbursed will be carried over (with interest on such amount continuing to accrue) for reimbursement in the following Collection Period (to the extent of principal collections available for that purpose). If any such advance, or any portion of any such advance, is determined, at any time during this reimbursement process, to be a Nonrecoverable Advance, then the master servicer or the trustee, as applicable, will be entitled to

immediate reimbursement as a Nonrecoverable Advance from general collections on the mortgage pool in an amount equal to the portion of that advance that remains outstanding, plus accrued interest.

The series 2014-KS02 pooling and servicing agreement will permit the master servicer, at the direction of the special servicer if a specially serviced asset is involved, to pay directly out of its collection account any servicing expense that, if advanced by the master servicer, would not be recoverable from expected collections on the related underlying mortgage loan or REO Property. This is only to be done, however, when the master servicer, or the special servicer if a specially serviced asset is involved, has determined in accordance with the Servicing Standard that making the payment is in the best interests of the series 2014-KS02 certificateholders as a collective whole.

The master servicer and the trustee will be entitled to receive interest on Servicing Advances made by them. The interest will accrue on the amount of each Servicing Advance for so long as the Servicing Advance is outstanding, at a rate per annum equal to the Prime Rate. Interest accrued with respect to any Servicing Advance made with respect to any underlying mortgage loan or the related mortgaged real property will be payable in connection with the reimbursement of that Servicing Advance—

- *first*, out of any Default Interest and late payment charges collected on that underlying mortgage loan subsequent to the accrual of that advance interest, and
- *then*, at the time or after the advance has been reimbursed, if and to the extent that the Default Interest and late payment charges referred to in the prior bullet are insufficient to cover the advance interest, out of any amounts on deposit in the master servicer’s collection account.

Enforcement of “Due-on-Sale” and “Due-on-Encumbrance” Clauses

The special servicer, with respect to the Specially Serviced Mortgage Loans, and the master servicer, with respect to the other underlying mortgage loans, each will be required to determine, in a manner consistent with the Servicing Standard, whether to exercise or waive any right the lender may have under either a due-on-encumbrance or due-on-sale clause to accelerate payment of that underlying mortgage loan. Generally, the master servicer or the special servicer (in the case of any Specially Serviced Mortgage Loan), will be required to enforce such due-on-sale clause, unless the master servicer or the special servicer, as applicable, determines, in accordance with the Servicing Standard, and subject to the applicable provisions of the series 2014-KS02 pooling and servicing agreement, that (i) not declaring an event of default (as defined in the related loan documents) or (ii) granting its consent, in its reasonable judgment, would be consistent with the Servicing Standard. In addition, the master servicer or special servicer, as applicable, may not waive its rights under a due-on-encumbrance or due-on-sale clause unless the related borrower or a third party, but in no event the issuing entity, pays all related expenses with respect to such waiver. Furthermore, the master servicer may not waive its rights or grant its consent under any due-on-encumbrance or due-on-sale clause, other than as expressly permitted pursuant to the series 2014-KS02 pooling and servicing agreement, without the consent of the special servicer and the series 2014-KS02 directing certificateholder (subject to the last paragraph of “—Realization Upon Mortgage Loans—Asset Status Report” below), *provided* that the special servicer and series 2014-KS02 directing certificateholder provide such consent within the time periods specified in the series 2014-KS02 pooling and servicing agreement.

Notwithstanding the foregoing, if the master servicer or special servicer, as applicable, determines, in accordance with the Servicing Standard, that a proposed replacement borrower (whether a related party or otherwise) in connection with a requested assignment of an underlying mortgage loan is satisfactory from a credit perspective (taking into consideration, with respect to the proposed replacement borrower, the existing borrower, any proposed controlling entity, any proposed replacement guarantor or any proposed replacement property manager, past performance and management experience, balance sheet, equity at risk, net worth, ownership structure and any credit enhancers), the master servicer or special servicer, as applicable, may approve such assumption of the underlying mortgage loan if permitted by the loan documents (subject to the special servicer obtaining the consent of the series 2014-KS02 directing certificateholder, such consent not to be unreasonably withheld).

If the loan documents do not expressly permit an assumption of the related underlying mortgage loan or the incurrence of subordinate debt, the master servicer or special servicer, as applicable, will be required to receive confirmation from the series 2014-KS02 directing certificateholder (which confirmation must be provided within the time periods specified in the series 2014-KS02 pooling and servicing agreement and, with respect to a requested

assumption, which confirmation may not be unreasonably withheld) that the conditions to such assumption or additional subordinate financing of the underlying mortgage loan have been met prior to (i) agreeing to a requested assumption of an underlying mortgage loan or (ii) agreeing to the incurrence of additional subordinate financing (subject to the last paragraph of “—Realization Upon Mortgage Loans—Asset Status Report” below).

Modifications, Waivers, Amendments and Consents

The series 2014-KS02 pooling and servicing agreement will permit the master servicer or the special servicer, as applicable, to modify, waive or amend any term of any underlying mortgage loan if it determines in accordance with the Servicing Standard that it is appropriate to do so. However, no such modification, waiver or amendment of a non-Specially Serviced Mortgage Loan may—

- except as provided in the following paragraph, affect the amount or timing of any scheduled payments of principal, interest or other amounts (including Static Prepayment Premiums) payable under the underlying mortgage loan, with limited exceptions generally involving the waiver of Default Interest and late payment charges;
- except as provided in the following paragraph, affect the obligation of the related borrower to pay a Static Prepayment Premium or permit a principal prepayment during the applicable lockout period;
- result in a release of the lien of the related mortgage on any portion of such mortgaged real property without a corresponding principal prepayment, except as expressly provided by the related loan documents, in connection with a pending or threatened condemnation or in connection with a material adverse environmental condition at the related mortgaged real property; or
- in the judgment of the master servicer or the special servicer, as applicable, materially impair the security for the underlying mortgage loan or reduce the likelihood of timely payment of amounts due on such underlying mortgage loan;

unless in the reasonable judgment of the master servicer or special servicer, as applicable, such modification, waiver or amendment is reasonably likely to produce a greater (or equal) recovery to the series 2014-KS02 certificateholders; and either (i) the underlying mortgage loan is in default, default is reasonably foreseeable or the master servicer or special servicer, as applicable, reasonably determines that a significant risk of default exists, and after such modification, waiver or amendment the underlying mortgage loan does not fail to qualify as a “qualified mortgage” within the meaning of the REMIC Provisions subject to and in accordance with the requirements of applicable REMIC Provisions (and such servicer may rely on an opinion of counsel in making such determination); *provided* that a release of the lien on any portion of a mortgaged real property (whether prior to or following a default) must satisfy the requirements of the following clause (as determined by the master servicer or the special servicer, as applicable) or (ii) the master servicer or the special servicer, as the case may be, has determined (and may rely on an opinion of counsel in making such determination) that such modification, waiver or amendment will not be a “significant modification” of the subject underlying mortgage loan within the meaning of Treasury regulations section 1.860G-2(b) and will not cause the applicable Trust REMIC to fail to qualify as a REMIC or subject such Trust REMIC to any tax. In order to meet the foregoing requirements, in the case of a release of real property collateral securing a mortgage loan, the master servicer or special servicer, as applicable, will be required to observe the REMIC requirements pertaining to a required payment of principal if the related loan-to-value ratio (as determined pursuant to the following paragraph) immediately after such release exceeds 125%.

In connection with (i) the release of any portion of the mortgaged real property securing any underlying mortgage loan from the lien of the related mortgage loan or (ii) the taking of any portion of the mortgaged real property securing any underlying mortgage loan by exercise of the power of eminent domain or condemnation, if the loan documents require the master servicer or the special servicer, as applicable, to calculate (or to approve the calculation of the related borrower of) the loan-to-value ratio of the remaining mortgaged real property securing such underlying mortgage loan or the fair market value of the real property constituting the remaining mortgaged real property securing such underlying mortgage loan, for purposes of REMIC qualification of the related underlying mortgage loan, then such calculation will be required to include only the value of the real property constituting the remaining mortgaged real property securing such underlying mortgage loan.

Pursuant to the series 2014-KS02 pooling and servicing agreement, certificateholders representing a majority interest in the class X certificates will have the right, in their sole discretion, to direct the master servicer or the special servicer, as applicable, to waive any obligation of the related borrower to pay a Static Prepayment Premium in connection with any prepayment in full of any underlying mortgage loan.

Notwithstanding the limitations on modifications, waivers and amendments described in the third preceding paragraph, but subject to the limitations described below, the special servicer may (or, in some cases, may consent to a request by the master servicer to), in accordance with the Servicing Standard—

- reduce the amounts owing under any Specially Serviced Mortgage Loan by forgiving principal and/or, accrued interest and/or any Static Prepayment Premiums;
- reduce the amount of the monthly payment on any Specially Serviced Mortgage Loan, including by way of a reduction in the related mortgage interest rate;
- forbear in the enforcement of any right granted under any mortgage note or mortgage relating to a Specially Serviced Mortgage Loan;
- extend the maturity of a Specially Serviced Mortgage Loan;
- permit the release or substitution of collateral for a Specially Serviced Mortgage Loan; and/or
- accept a principal prepayment during any lockout period;

provided that the related borrower is in default with respect to the Specially Serviced Mortgage Loan or such default is reasonably foreseeable, and the special servicer has determined (and may rely on an opinion of counsel in making such determination) that the modification, waiver or amendment will not be a “significant modification” of the subject mortgage loan within the meaning of Treasury regulations section 1.860G-2(b) and will not cause the applicable Trust REMIC to fail to qualify as a REMIC or subject such Trust REMIC to any tax.

However, in no event will the special servicer or master servicer, as applicable, be permitted to—

- (1) extend the maturity date of any mortgage loan if the interest rate on such underlying mortgage loan is less than the lower of (a) the interest rate in effect prior to such extension or (b) the then prevailing interest rate for comparable mortgage loans;
- (2) defer interest due on any underlying mortgage loan in excess of 5% of the Stated Principal Balance of such underlying mortgage loan; or
- (3) extend the maturity date of any underlying mortgage loan beyond the earlier of (i) August 25, 2024, or (ii) in the case of an underlying mortgage loan secured by a leasehold estate (if any), the date that is twenty (20) years prior to the expiration of the ground lease (after giving effect to the exercise of any extension options).

Neither the master servicer nor the special servicer may permit or modify an underlying mortgage loan that is not a Specially Serviced Mortgage Loan to permit a voluntary prepayment of a mortgage loan on any day other than its due date, unless: (i) the master servicer or the special servicer also collects interest on such underlying mortgage loan through the due date following the date of such prepayment; (ii) that prepayment is otherwise permitted under the related loan documents; (iii) that principal prepayment would not result in a Prepayment Interest Shortfall; (iv) that principal prepayment is accepted by the master servicer or the special servicer at the request of or with the consent of the series 2014-KS02 directing certificateholder (subject to the last paragraph of “—Realization Upon Mortgage Loans—Asset Status Report” below), or if accepted by the master servicer, with the consent of the special servicer; or (v) it is consistent with the Servicing Standard to do so.

To the extent not inconsistent with the limitations to modifications and consents contained in the series 2014-KS02 pooling and servicing agreement, the master servicer or the special servicer, as applicable, may, without the consent of any other party, including the series 2014-KS02 directing certificateholder, (i) modify, waive or amend

the terms of any underlying mortgage loan, in accordance with the Servicing Standard, in order to (A) cure any non-material ambiguity or mistake in the related loan documents, (B) correct or supplement any non-material provisions in any related loan documents which may be inconsistent with any other provisions in the related loan documents or correct any non-material error or (C) waive minor covenant defaults or (ii) effect other non-material waivers, consents, modifications or amendments in the ordinary course of servicing a loan.

The special servicer or the master servicer, as applicable, will notify the trustee and the certificate administrator among others, of any modification, waiver or amendment of any term of an underlying mortgage loan and must deliver to the custodian (with a copy to the master servicer) for deposit in the related mortgage file an original counterpart of the agreement related to such modification, waiver or amendment, promptly following the execution of any such modification, waiver or amendment (and, in any event, within thirty (30) business days). Copies of each agreement whereby any such modification, waiver or amendment of any term of any underlying mortgage loan is effected are to be available for review during normal business hours, upon prior request, at the offices of the special servicer. Notwithstanding the foregoing, no such notice will be required with respect to any waiver of Default Interest or late payment charges and any such waiver need not be in writing.

The ability of the master servicer or the special servicer to agree to modify, waive or amend any of the terms of any underlying mortgage loan will be subject to the discussions under “—Realization Upon Mortgage Loans— Series 2014-KS02 Directing Certificateholder” below.

Required Appraisals

Within 60 days following the occurrence of any Appraisal Reduction Event with respect to any of the underlying mortgage loans, the special servicer must use reasonable efforts to perform an internal valuation pursuant to the following paragraph or use reasonable efforts to obtain an MAI appraisal of the related mortgaged real property from an independent appraiser meeting the qualifications imposed in the series 2014-KS02 pooling and servicing agreement (*provided* that in all events such appraisal(s) or internal valuation(s) are required to be obtained within 120 days or such other reasonable longer time period as agreed to by the directing certificateholder and Freddie Mac from the occurrence of the event that, with the passage of time, would become such Appraisal Reduction Event), unless—

- an appraisal had previously been obtained within the prior twelve (12) months; and
- there has been no material change in the circumstances surrounding the related mortgaged real property subsequent to that appraisal that would, in the judgment of the special servicer, materially affect the value set forth in that earlier appraisal.

Notwithstanding the foregoing, if the unpaid principal balance of the subject underlying mortgage loan is less than \$2,000,000, then the special servicer may perform an internal valuation of the related mortgaged real property in lieu of an appraisal.

As a result of any appraisal or internal valuation, the master servicer may determine that an Appraisal Reduction Amount exists with respect to the subject underlying mortgage loan. If such appraisal is not received or an internal valuation is not completed, as applicable, within the time period specified in the first paragraph of this subsection, the Appraisal Reduction Amount for the related underlying mortgage loan will be 25% of the Stated Principal Balance of such underlying mortgage loan as of the date of the related Appraisal Reduction Event. An Appraisal Reduction Amount is relevant to the determination of the amount of any advances of delinquent interest required to be made with respect to the affected underlying mortgage loan. See “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular.

If an Appraisal Reduction Event occurs with respect to any underlying mortgage loan, then the special servicer will have an ongoing obligation to obtain or perform, as the case may be, within 30 days of each anniversary of the occurrence of that Appraisal Reduction Event, an update of the prior required appraisal or other valuation. Based upon that update, the master servicer is to redetermine and report to the trustee, the certificate administrator, the guarantor and the special servicer the new Appraisal Reduction Amount, if any, with respect to the subject underlying mortgage loan. This ongoing obligation will cease if and when—

- the subject underlying mortgage loan has become a worked-out mortgage loan as contemplated under “—Servicing Under the Series 2014-KS02 Pooling and Servicing Agreement” above and has remained current for 12 consecutive monthly payments under the terms of the work-out; and
- no other Servicing Transfer Event or Appraisal Reduction Event has occurred with respect to the subject mortgage loan during the preceding three months.

The cost of each required appraisal, and any update of that appraisal, will be advanced by the master servicer, at the direction of the special servicer, and will be reimbursable to the master servicer as a Servicing Advance.

Collection Accounts

General. The master servicer will be required to establish and maintain a collection account for purposes of holding payments and other collections that it receives with respect to the underlying mortgage loans. Each collection account must be maintained in a manner and with a depository institution that meets the requirements of the series 2014-KS02 pooling and servicing agreement.

The funds held in the master servicer’s collection account may be held as cash or invested in Permitted Investments. Subject to the limitations in the series 2014-KS02 pooling and servicing agreement, any interest or other income earned on funds in the master servicer’s collection account will be paid to the master servicer as additional compensation.

Deposits. The master servicer must deposit or cause to be deposited in its collection account on a daily basis in the case of payments from borrowers and other collections on the underlying mortgage loans, or as otherwise required under the series 2014-KS02 pooling and servicing agreement, the following payments and collections received or made by or on behalf of the master servicer with respect to the underlying mortgage loans for which it is responsible, subsequent to the date of initial issuance of the offered certificates—

- all principal payments collected, including principal prepayments;
- all interest payments collected, including late payment charges and Default Interest (net of master servicing fees, sub-servicing fees, special servicing fees, and in respect of late payment charges and Default Interest, net of amounts used to offset interest on any advances);
- any Static Prepayment Premiums;
- any proceeds received under any hazard, flood, title or other insurance policy that provides coverage with respect to a mortgaged real property or the related underlying mortgage loan, and all proceeds received in connection with the condemnation or the taking by right of eminent domain of a mortgaged real property, in each case to the extent not required to be applied to the restoration of the related mortgaged real property or released to the related borrower;
- any amounts received and retained in connection with the liquidation of defaulted underlying mortgage loans by foreclosure, deed-in-lieu of foreclosure or as otherwise contemplated under “—Realization Upon Mortgage Loans” below, in each case to the extent not required to be returned to the related borrower;
- any amounts paid by the mortgage loan seller in connection with the repurchase or replacement of, or the curing of any breach of a representation and warranty with respect to, an underlying mortgage loan by that party as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this information circular;

- any amounts paid to purchase or otherwise acquire all the underlying mortgage loans and any REO Properties in connection with the termination of the issuing entity pursuant to the clean-up call as contemplated under “—Termination” below;
- any amounts required to be deposited by the master servicer in connection with losses incurred with respect to Permitted Investments of funds held in its collection account;
- all payments required to be paid by the master servicer or received from the special servicer with respect to any deductible clause in any blanket hazard insurance policy or master force placed hazard insurance policy, as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Hazard, Liability and Other Insurance” in this information circular;
- any amount transferred by the special servicer from its REO account with respect to the REO Properties; and
- any payments received from an interest rate cap provider with respect to any interest rate cap agreement.

Upon its receipt of any of the amounts described in the prior paragraph (other than in connection with a clean-up call) with respect to any Specially Serviced Mortgage Loan, the special servicer is required to remit those amounts within one business day to the master servicer for deposit in the master servicer’s collection account.

Withdrawals. The master servicer may make withdrawals from its collection account for any of the following purposes (to the extent that each of the following is to be paid from the collection account in accordance with the terms of the series 2014-KS02 pooling and servicing agreement), which are not listed in any order of priority:

1. to remit to the certificate administrator for deposit in the certificate administrator’s distribution account, as described under “Description of the Series 2014-KS02 Certificates—Distribution Account” in this information circular, on the Remittance Date, all payments and other collections on the underlying mortgage loans and any REO Properties that are then on deposit in the collection accounts, exclusive of any portion of those payments and other collections that represents one or more of the following—
 - (a) monthly debt service payments due on a due date subsequent to the end of the related Collection Period;
 - (b) payments and other collections received by or on behalf of the issuing entity after the end of the related Collection Period; and
 - (c) amounts that are payable or reimbursable from the collection account to any person other than the series 2014-KS02 certificateholders in accordance with any of clauses 2. through 20. below;
2. to reimburse itself or the trustee, as applicable, for any unreimbursed advances made by that party with respect to the mortgage pool, as described under “—Servicing and Other Compensation and Payment of Expenses” above and “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular, with that reimbursement to be made out of collections on the underlying mortgage loan or REO Property as to which the advance was made;
3. to pay (a) itself any earned and unpaid master servicing fees or sub-servicing fees with respect to each underlying mortgage loan, with that payment to be made out of collections on that mortgage loan that represent payments of interest and (b) itself unpaid master servicing fees or sub-servicing fees with respect to each underlying mortgage loan or REO Loan that remain unpaid in accordance with clause (a) following a final recovery determination made with respect to such underlying mortgage loan or the related REO Property and the deposit into the collection account of all amounts received in connection with such final recovery determination;

4. to pay the special servicer, out of general collections, earned and unpaid special servicing fees with respect to each underlying mortgage loan that is either—
 - (a) a Specially Serviced Mortgage Loan; or
 - (b) an underlying mortgage loan as to which the related mortgaged real property has become an REO Property;
5. to pay the special servicer earned and unpaid work-out fees and liquidation fees to which it is entitled, with that payment to be made from the sources described under “—Servicing and Other Compensation and Payment of Expenses” above;
6. to reimburse itself or the trustee, as applicable, out of general collections on the mortgage pool, for any unreimbursed advance made by that party with respect to the mortgage pool as described under “—Servicing and Other Compensation and Payment of Expenses” above and “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular, which advance has been determined not to be ultimately recoverable under clause 2. above (or, if the subject underlying mortgage loan has been worked out and returned to performing status, is not recoverable under clause 2. above by the time it is returned to performing status) out of collections on the related underlying mortgage loan or REO Property; *provided* that any such reimbursement is required to be made as and to the extent described under “—Servicing and Other Compensation and Payment of Expenses” above, in the case of a Servicing Advance, or “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular, in the case of a P&I Advance;
7. to pay itself or the trustee, as applicable, out of general collections on the mortgage pool unpaid interest accrued on any advance made by that party with respect to the mortgage pool (generally at or about the time of reimbursement of that advance); *provided* that, in the case of any advance reimbursed as described in clause 6. above, the payment of any interest on such advance is to be made as and to the extent described under “—Servicing and Other Compensation and Payment of Expenses” above, in the case of interest on any such advance that is a Servicing Advance, or “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular, in the case of interest on any such advance that is a P&I Advance;
8. to pay itself or the special servicer, as applicable, any items of additional servicing compensation on deposit in the collection account as discussed under “—Servicing and Other Compensation and Payment of Expenses—Additional Servicing Compensation” above;
9. to pay any unpaid liquidation expenses incurred with respect to any liquidated mortgage loan or REO Property in the issuing entity;
10. to pay, out of general collections on the mortgage pool, any servicing expenses that would, if advanced, be nonrecoverable under clause 2. above;
11. to pay, out of general collections on the mortgage pool, for costs and expenses incurred by the issuing entity due to actions taken pursuant to any environmental assessment, in accordance with the series 2014-KS02 pooling and servicing agreement;
12. to pay Freddie Mac, itself (and certain indemnified sub-servicers), the special servicer, the trustee, the certificate administrator, the depositor or any of their or our respective affiliates, directors, general or limited partners, members, managers, shareholders, officers, employees, controlling persons and agents, as the case may be, out of general collections on the mortgage pool, any of the reimbursements or indemnities to which we or any of those other persons or entities are entitled, subject to the relevant Aggregate Annual Cap, as described under “—Certain Indemnities” below;
13. to pay, out of general collections on the mortgage pool, for (a) the costs of various opinions of counsel related to the servicing and administration of mortgage loans not paid by the related borrower; (b) expenses

properly incurred by the trustee or the certificate administrator in connection with providing tax-related advice to the special servicer and (c) the fees of the trustee for confirming a Fair Value determination by the special servicer of a Defaulted Loan;

14. to reimburse itself, the special servicer, the depositor, the trustee or the certificate administrator, as the case may be, for any unreimbursed expenses reasonably incurred in respect of any material breach of a representation or warranty or a material document defect in respect of an underlying mortgage loan giving rise to a repurchase obligation of the mortgage loan seller or other party, or the enforcement of such obligation, under the mortgage loan purchase agreement;
15. to pay for—
 - (a) the cost of the opinions of counsel for purposes of REMIC administration or amending the series 2014-KS02 pooling and servicing agreement; and
 - (b) the cost of obtaining an extension from the IRS for the sale of any REO Property;
16. to pay, out of general collections for any and all U.S. federal, state and local taxes imposed on either of the Trust REMICs or the grantor trust or their assets or transactions together with incidental expenses;
17. to pay to the mortgage loan seller any amounts that represent monthly debt service payments due on the underlying mortgage loans on or prior to the Cut-off Date or, in the case of a replacement mortgage loan, during or before the month in which that loan was added to the issuing entity;
18. to withdraw amounts deposited in the collection account in error, including amounts received on any mortgage loan or REO Property that has been purchased or otherwise removed from the issuing entity;
19. to pay any other items described in this information circular as being payable from a collection account; and
20. to clear and terminate the collection account upon the termination of the series 2014-KS02 pooling and servicing agreement.

The master servicer will be required to keep and maintain separate records, on a loan by loan and property by property basis, for the purpose of justifying any withdrawal from the collection account.

Realization Upon Mortgage Loans

Purchase Option. The series 2014-KS02 pooling and servicing agreement grants the series 2014-KS02 directing certificateholder (subject to the last paragraph of this section “—Purchase Option”) and Freddie Mac, and with respect to Defaulted Loans for which the related Junior Loan Holder holds a second priority lien, the related Junior Loan Holder, an assignable option (a “Purchase Option”) to purchase Defaulted Loans from the issuing entity in the manner and at the price described below.

Promptly after the determination that an underlying mortgage loan has become a Defaulted Loan, the master servicer (if the underlying mortgage loan is not a Specially Serviced Mortgage Loan) or the special servicer (if the underlying mortgage loan is a Specially Serviced Mortgage Loan) will be required to notify the trustee, the certificate administrator, the master servicer or special servicer, as applicable, Freddie Mac, the related Junior Loan Holder and the series 2014-KS02 directing certificateholder of such determination. Subject to (a) the Junior Loan Holder’s right with respect to a Defaulted First Lien Loan (as defined below), (b) Freddie Mac’s right to offer an increased purchase price, as described in the next paragraph, and (c) the last paragraph of this section “—Purchase Option” in the case of any Affiliated Borrower Loan, the series 2014-KS02 directing certificateholder or its assignee will then have the right to exercise its Purchase Option until such right automatically terminates (i) upon the Defaulted Loan becoming a Corrected Mortgage Loan or an REO Loan, (ii) upon the modification, waiver or pay-off (full or discounted) of the Defaulted Loan in connection with a workout, (iii) upon purchase of the Defaulted Loan by Freddie Mac pursuant to the series 2014-KS02 pooling and servicing agreement or (iv) with respect to a

Defaulted First Lien Loan, upon purchase of such Defaulted First Lien Loan by the Junior Loan Holder pursuant to the series 2014-KS02 pooling and servicing agreement and the related intercreditor agreement.

Subject to the next paragraph, in the case of a Defaulted Loan that is not a Defaulted First Lien Loan (as defined below), and subject to the last paragraph of this section “—Purchase Option” in the case of any Affiliated Borrower Loan, within ten (10) business days (the “Freddie Mac Increased Offer Notice Period”) after receipt from the series 2014-KS02 directing certificateholder of notice that it will exercise its option to purchase a Defaulted Loan and which specifies a purchase price that equals at least the Fair Value of the Defaulted Loan (the “Defaulted Loan Fair Value Purchase Price”), but is less than 99% of the Purchase Price of such Defaulted Loan, Freddie Mac (or its assignee) will have the right to purchase such Defaulted Loan by giving notice (the “Freddie Mac Increased Offer Notice”) to the series 2014-KS02 directing certificateholder, the master servicer, the special servicer, the certificate administrator and the trustee, specifying a purchase price at least 2.5% more than the Defaulted Loan Fair Value Purchase Price offered by the series 2014-KS02 directing certificateholder. If the series 2014-KS02 directing certificateholder or its assignee is willing to purchase the Defaulted Loan after receipt of the Freddie Mac Increased Offer Notice, it will only be permitted to do so at a purchase price equal to the lesser of (i) at least 2.5% more than the purchase price specified by Freddie Mac in the Freddie Mac Increased Offer Notice or (ii) 99% of the Purchase Price, by giving notice (the “Directing Certificateholder Increased Offer Notice”) of the same to Freddie Mac, the master servicer, the special servicer, the certificate administrator and the trustee within ten (10) business days of receiving the Freddie Mac Increased Offer Notice (the “Directing Certificateholder Increased Offer Notice Period”). Any person exercising the purchase option pursuant to this paragraph will be required to consummate such purchase within fifteen (15) business days after the expiration of the Freddie Mac Increased Offer Notice Period or the Directing Certificateholder Increased Offer Notice Period, as applicable.

Notwithstanding the previous paragraph, for any Defaulted Loan for which the related Junior Loan Holder is the holder of a second priority lien (a “Defaulted First Lien Loan”), the related Junior Loan Holder will have the first option to purchase that Defaulted Loan for the Purchase Price. Upon the determination of Fair Value and receipt of the Fair Value Notice relating to any Defaulted First Lien Loan, each of the related Junior Loan Holder and the series 2014-KS02 directing certificateholder (other than with respect to any Affiliated Borrower Loan) will have the right to purchase such Defaulted First Lien Loan at the Defaulted Loan Fair Value Purchase Price by giving notice to the other party, the trustee, the certificate administrator, the master servicer and the special servicer (the first party to give such notice, the “First Offeror”). Within ten (10) business days after receipt from the First Offeror of notice of its intent to exercise the Purchase Option, the related Junior Loan Holder or the series 2014-KS02 directing certificateholder, as the case may be, will have the right to purchase such Defaulted First Lien Loan by giving notice (the “Increased Offer Notice”) to the First Offeror, the trustee, the certificate administrator, the master servicer and special servicer, specifying a purchase price of at least 2.5% more than the purchase price specified by the First Offeror in the initial purchase option notice. If the First Offeror is willing to purchase the Defaulted First Lien Loan after receipt of the Increased Offer Notice, it will only be permitted to do so at the Purchase Price by giving notice of the same (the “Par Purchase Notice”) to the other party, the trustee, the certificate administrator, the master servicer and the special servicer within five (5) business days after receiving the Increased Offer Notice. Any purchase will be required to be consummated no later than fifteen (15) business days after the expiration of the Increased Offer Notice period or Par Purchase Notice period, as applicable.

Within the later of sixty (60) days after an underlying mortgage loan becomes a Defaulted Loan and fifteen (15) days after the special servicer receives an acceptable appraisal, the special servicer will be required to determine the Fair Value of such underlying mortgage loan in accordance with the Servicing Standard and consistent with the guidelines contained in the series 2014-KS02 pooling and servicing agreement. The special servicer will be required to change from time to time thereafter its determination of the Fair Value of a Defaulted Loan if the special servicer obtains knowledge of changed circumstances, new information or otherwise, in accordance with the Servicing Standard. All reasonable costs and expenses of the special servicer in connection with the determination of the Fair Value of a Defaulted Loan will be paid by the master servicer and be reimbursable as Servicing Advances. The special servicer must give prompt written notice (the “Fair Value Notice”) of its Fair Value determination and any subsequent change to such determination of Fair Value to the trustee, the certificate administrator, the master servicer, Freddie Mac, the related Junior Loan Holder and the series 2014-KS02 directing certificateholder. If, after receiving the Fair Value Notice, and subject to the last paragraph of this section “—Purchase Option,” the series 2014-KS02 directing certificateholder or its assignee elects to purchase such Defaulted Loan from the issuing entity,

such party must notify the special servicer, the trustee, the certificate administrator, the master servicer and Freddie Mac of such election and specify the Defaulted Loan Fair Value Purchase Price.

If the related Junior Loan Holder or the series 2014-KS02 directing certificateholder, or assignee thereof (as identified to the certificate administrator) that proposes to purchase a Defaulted Loan or Defaulted First Lien Loan, as applicable, is an affiliate of the special servicer, the trustee will be required to determine whether the special servicer's determination of Fair Value for such Defaulted Loan constitutes a fair price in its reasonable judgment. In doing so, the trustee may conclusively rely on an opinion of an appraiser or other independent expert in real estate matters, in each case, appointed with due care and obtained at the expense of such affiliate of the special servicer proposing to purchase such Defaulted Loan or Defaulted First Lien Loan, as applicable. The trustee, in making a Fair Value determination in accordance with the second preceding sentence, will be entitled to receive from the special servicer all information in the special servicer's possession relevant to making such determination and will be further entitled to a fee of \$1,500 payable by the issuing entity in connection with each such Fair Value determination. All reasonable costs and expenses of the trustee in connection with the determination of the Fair Value of a Defaulted Loan will be paid by the master servicer and be reimbursable as Servicing Advances.

Subject to the discussion above and the last paragraph of this section “—Purchase Option,” each holder of a Purchase Option may, at its option, purchase the subject Defaulted Loan from the issuing entity at a price (the “Option Price”) equal to—

- if the special servicer has not yet determined the Fair Value of that Defaulted Loan, the Purchase Price; or
- if the special servicer has made such Fair Value determination, the Defaulted Loan Fair Value Purchase Price.

If the most recent Fair Value calculation was made more than ninety (90) days prior to the exercise date of a Purchase Option, then the special servicer must confirm or revise the Fair Value determination, and the Option Price at which the Defaulted Loan may be purchased will be modified accordingly.

Unless and until the Purchase Option with respect to a Defaulted Loan is exercised, the special servicer will be required to pursue such other resolution strategies available under the series 2014-KS02 pooling and servicing agreement, including work-out and foreclosure, consistent with the Servicing Standard, but it will not be permitted to sell the Defaulted Loan other than pursuant to the exercise of the Purchase Option or in accordance with any applicable intercreditor or co-lender agreement.

If not exercised sooner, the Purchase Option with respect to any Defaulted Loan will automatically terminate upon—

- the cure by the related borrower or a party with cure rights of all defaults that caused the subject underlying mortgage loan to be a Defaulted Loan;
- the acquisition on behalf of the issuing entity of title to the related mortgaged real property by foreclosure or deed-in-lieu of foreclosure; or
- the modification, waiver or pay-off (full or discounted) of the Defaulted Loan in connection with a work-out.

Notwithstanding the foregoing, the series 2014-KS02 directing certificateholder (or its assignee) will only be able to purchase an Affiliated Borrower Loan from the issuing entity at a cash price equal to the Purchase Price.

Foreclosure and Similar Proceedings. Pursuant to the series 2014-KS02 pooling and servicing agreement, if an event of default on an underlying mortgage loan has occurred and is continuing, the special servicer, on behalf of the issuing entity, may at any time institute foreclosure proceedings, exercise any power of sale contained in the related mortgage or otherwise acquire title to the related mortgaged real property. The special servicer may not, however, acquire title to any mortgaged real property or take any other action with respect to any mortgaged real property that would cause the trustee, for the benefit of the series 2014-KS02 certificateholders or any other specified person to be considered to hold title to, to be a “mortgagee-in-possession” of or to be an “owner” or an “operator” of such

mortgaged real property within the meaning of certain federal environmental laws, unless the special servicer has previously received a report prepared by a person who regularly conducts environmental audits (the cost of which report will be a Servicing Advance) and either—

- such report indicates that (i) the mortgaged real property is in compliance with applicable environmental laws and regulations and (ii) there are no circumstances or conditions present at the mortgaged real property for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any applicable environmental laws and regulations; or
- the special servicer, based solely (as to environmental matters and related costs) on the information set forth in such report, determines that taking such actions as are necessary to bring the mortgaged real property into compliance with applicable environmental laws and regulations and/or taking the actions contemplated by clause (ii) of the preceding bullet, is reasonably likely to increase the net proceeds of the liquidation of such mortgaged real property, than not taking such actions.

A borrower's failure to make required mortgage loan payments may mean that operating income from the mortgaged real property is insufficient to service the mortgage debt, or may reflect the diversion of that income from the servicing of the mortgage debt. In addition, a borrower that is unable to make mortgage loan payments may also be unable to make timely payments of taxes or otherwise to maintain and insure the mortgaged real property. In general, the special servicer will be required to monitor any Specially Serviced Mortgage Loan serviced by it, evaluate whether the causes of the default can be corrected over a reasonable period without significant impairment of the value of the mortgaged real property, initiate corrective action in cooperation with the borrower if cure is likely, inspect the mortgaged real property and take such other actions as it deems necessary and appropriate. A significant period of time may elapse before the special servicer is able to assess the success of any such corrective action or the need for additional initiatives. The time within which the special servicer can make the initial determination of appropriate action, evaluate the success of corrective action, develop additional initiatives, institute foreclosure proceedings and actually foreclose, or accept a deed to a mortgaged real property in lieu of foreclosure, on behalf of the holders of the series 2014-KS02 certificates may vary considerably depending on the particular underlying mortgage loan, the mortgaged real property, the borrower, the presence of an acceptable party to assume the subject mortgage loan and the laws of the jurisdiction in which the mortgaged real property is located. If a borrower files a bankruptcy petition, the special servicer may not be permitted to accelerate the maturity of the Defaulted Loan or to foreclose on the related real property for a considerable period of time and may be required by the court to materially extend the term of the loan paid to the final maturity date, lower significantly the related interest rate and/or reduce the principal balance of the loan.

REO Properties. If title to any mortgaged real property is acquired by the special servicer on behalf of the issuing entity, the special servicer will be required to sell that property as soon as practicable, but not later than the end of the third calendar year following the year of acquisition, unless—

- the IRS grants an extension of time to sell the property;
- an extension of time to sell the property has been timely requested from the IRS and (i) the IRS has not denied such request (in which event the property is required to be sold by the end of the extended time period requested, but not more than three additional years), or (ii) if the IRS denies such request (in which event, the property is required to be sold within 30 days after the date of such denial); or
- the special servicer obtains an opinion of independent counsel generally to the effect that the holding of the property subsequent to the end of the third calendar year following the year in which the acquisition occurred will not result in the imposition of a tax on the assets of the issuing entity or cause either Trust REMIC created under the series 2014-KS02 pooling and servicing agreement to fail to qualify as a REMIC under the Code.

The special servicer will be required to use reasonable efforts to solicit cash offers for any REO Property held in the issuing entity in a manner that will be reasonably likely to realize a fair price for the property within the time periods contemplated by the prior paragraph. Such solicitation will be required to be made in a commercially reasonable manner. The special servicer will be required to accept the highest cash offer received from any entity for such REO Property in an amount at least equal to the Purchase Price for such REO Property. In the absence of any such offer, the special servicer will be required to accept the highest cash offer received from any entity that is determined by the special servicer to be a fair price for such REO Property and whose offer the special servicer reasonably determines is likely to lead to an actual sale and is in compliance with applicable law. If the special servicer reasonably believes that it will be unable to realize a fair price for any such REO Property within the time constraints imposed by the prior paragraph, then the special servicer will be required to dispose of such REO Property upon such terms and conditions as the special servicer deems necessary and desirable to maximize the recovery on such REO Property under the circumstances, and will be required to accept the highest outstanding cash offer from any entity that is determined by the special servicer to be a fair price for such REO Property and whose offer the special servicer reasonably determines is likely to lead to an actual sale and is in compliance with applicable law. If the special servicer determines with respect to any REO Property that the offers being made with respect to such REO Property are not in the best interests of the certificateholders, in each case, taken as a collective whole, and that the end of the period referred to in the prior paragraph with respect to such REO Property is approaching, the special servicer will be required to seek an extension of such period in the manner described in the prior paragraph.

Whether any cash offer constitutes a fair price for any REO Property will be determined by the special servicer, if the highest offeror is a person other than the special servicer or an affiliate of the special servicer, and by the trustee, if the highest offeror is the special servicer or an affiliate of the special servicer. In determining whether any offer received from the special servicer or an affiliate of the special servicer represents a fair price for any REO Property, the trustee will be required to obtain, and may conclusively rely on, the opinion of an appraiser (the fees and costs of which will be required to be covered by a servicing advance by the master servicer) retained by the trustee. In determining whether any offer constitutes a fair price for any REO Property, the trustee will be required to request that such appraiser take into account, as applicable, among other factors, the occupancy level and physical condition of the REO Property, the state of the local economy and the obligation to dispose of any REO Property within the time period specified in the second preceding paragraph. The Purchase Price for any REO Property will in all cases be deemed a fair price.

The special servicer, at the expense of the issuing entity, will be required to retain an independent contractor to operate and manage any REO Property within ninety (90) days of its acquisition. The retention of an independent contractor will not relieve the special servicer of its obligations with respect to any REO Property.

In general, the special servicer or an independent contractor employed by the special servicer at the expense of the issuing entity will be obligated to operate and manage any REO Property held by the issuing entity solely for the purpose of its prompt disposition and sale, in a manner that maintains its status as “foreclosure property” within the meaning of Code Section 860G(a)(8).

Subject to the Servicing Standard and any other limitations imposed by the series 2014-KS02 pooling and servicing agreement, the special servicer will be permitted, with respect to any REO Property, to incur a tax on net income from foreclosure property, within the meaning of Code Section 857(b)(4)(B).

To the extent that income the issuing entity receives from an REO Property is subject to a tax on net income from foreclosure property, that income would be subject to U.S. federal tax at the highest marginal corporate tax rate, which is currently 35%.

The determination as to whether income from an REO Property held by the issuing entity would be subject to a tax will depend on the specific facts and circumstances relating to the management and operation of each REO Property. Any tax imposed on the issuing entity’s income from an REO Property would reduce the amount available for payment to the series 2014-KS02 certificateholders. See “Certain Federal Income Tax Consequences” in this information circular. The reasonable out-of-pocket costs and expenses of obtaining professional tax advice in connection with the foregoing will be payable out of the master servicer’s collection account.

REO Account. The special servicer will be required to segregate and hold all funds collected and received in connection with any REO Property held by the issuing entity separate and apart from its own funds and general assets. If an REO Property is acquired by the issuing entity, the special servicer will be required to establish and maintain an account for the retention of revenues and other proceeds derived from that REO Property. That REO account must be maintained in a manner and with a depository institution that meets the requirements of the series 2014-KS02 pooling and servicing agreement. The special servicer will be required to deposit, or cause to be deposited, in its REO account, within one business day following receipt, all net income, insurance proceeds, condemnation proceeds and liquidation proceeds received with respect to each REO Property held by the issuing entity. The funds held in this REO account may be held as cash or invested in Permitted Investments. Any interest or other income earned on funds in the special servicer's REO account will be payable to the special servicer, subject to the limitations described in the series 2014-KS02 pooling and servicing agreement.

The special servicer will be permitted to withdraw from its REO account funds necessary for the proper operation, management, leasing, maintenance and disposition of any REO Property administered by it, but only to the extent of amounts on deposit in the account relating to that particular REO Property. Promptly following the end of each Collection Period, the special servicer will be required to withdraw from its REO account and deposit, or deliver to the master servicer for deposit, into the master servicer's collection account the total of all amounts received in respect of each REO Property administered by it during that Collection Period, net of:

- any withdrawals made out of those amounts, as described in the preceding sentence; and
- any portion of those amounts that may be retained as reserves, as described in the next paragraph.

The special servicer may, subject to the limitations described in the series 2014-KS02 pooling and servicing agreement, retain in its REO account such portion of the proceeds and collections on any REO Property administered by it as may be necessary to maintain a reserve of sufficient funds for the proper operation, management, leasing, maintenance and disposition of that property, including the creation of a reasonable reserve for repairs, replacements, necessary capital improvements and other related expenses.

The special servicer will be required to keep and maintain separate records, on a loan-by-loan and a property-by-property basis, for the purpose of accounting for all deposits to, and withdrawals from, its REO account.

Liquidation Proceeds. To the extent that liquidation proceeds collected with respect to any underlying mortgage loan are less than the sum of—

- the outstanding principal balance of that underlying mortgage loan,
- interest (other than Default Interest) accrued on that underlying mortgage loan,
- interest accrued on any monthly debt service advance made with respect to that underlying mortgage loan,
- the aggregate amount of outstanding reimbursable expenses (including any unreimbursed Servicing Advances and unpaid and accrued interest on such advances) incurred with respect to that underlying mortgage loan, and
- any and all servicing compensation and trustee fees and certificate administrator fees due and payable with respect to that underlying mortgage loan,

then the issuing entity will realize a loss in the amount of such shortfall (although such shortfalls with respect to the offered certificates will be covered under the Freddie Mac Guarantee).

The trustee, the certificate administrator, the master servicer and/or the special servicer will be entitled to reimbursement out of the liquidation proceeds recovered on an underlying mortgage loan, prior to the distribution of such liquidation proceeds to series 2014-KS02 certificateholders, of any and all amounts that represent unpaid servicing compensation, certificate administrator fees or trustee fees in respect of that underlying mortgage loan, certain unreimbursed expenses incurred with respect to that underlying mortgage loan and any unreimbursed advances made with respect to that underlying mortgage loan. In addition, amounts otherwise distributable on the

series 2014-KS02 certificates will be further reduced by interest payable to the master servicer or the trustee, as applicable, on any such advances.

If any mortgaged real property suffers damage such that the proceeds, if any, of the related hazard insurance policies or flood insurance are insufficient to restore fully the damaged property, the master servicer will not be required to make Servicing Advances to effect such restoration unless—

- the special servicer determines that such restoration will increase the proceeds to the series 2014-KS02 certificateholders (as a collective whole) on liquidation of the underlying mortgage loan after reimbursement of the master servicer for its expenses; and
- the master servicer determines that such expenses will be recoverable by it from related liquidation proceeds.

Specially Serviced Mortgage Loans. With respect to any underlying mortgage loan as to which a Servicing Transfer Event has occurred, the master servicer will transfer its servicing responsibilities to the special servicer, but will continue to receive payments on such underlying mortgage loan (including amounts collected by the special servicer), to make certain calculations with respect to such underlying mortgage loan and to make remittances and prepare and deliver certain reports to the certificate administrator with respect to such underlying mortgage loan.

The special servicer will continue to be responsible for the operation and management of an REO Property. The master servicer will have no responsibility for the performance by the special servicer of its duties under the series 2014-KS02 pooling and servicing agreement.

The special servicer will return the full servicing of a Specially Serviced Mortgage Loan to the master servicer when all Servicing Transfer Events with respect to that underlying mortgage loan have ceased to exist and that underlying mortgage loan has become a Corrected Mortgage Loan.

Series 2014-KS02 Directing Certificateholder. The “series 2014-KS02 directing certificateholder” will generally be a certificateholder or any designee selected by holders of series 2014-KS02 certificates representing a majority interest in the class C certificates, until the outstanding principal balance of such class is less than 2.50% of the aggregate of the outstanding principal balances of the class A, B and C certificates. Thereafter, the series 2014-KS02 directing certificateholder will be a certificateholder or any designee selected by holders of series 2014-KS02 certificates representing a majority interest in the series 2014-KS02 class B certificates, until the outstanding principal balance of such class divided by the aggregate of the outstanding principal balances of the class A and B certificates is less than the product of (i) its initial principal balance divided by the aggregate of the initial principal balances of the class A, B and C certificates and (ii) 30%. Thereafter, Freddie Mac will act as the series 2014-KS02 directing certificateholder. However, until a series 2014-KS02 directing certificateholder is so selected or after receipt of a notice from the holders of series 2014-KS02 certificates representing a majority interest in the applicable class that a series 2014-KS02 directing certificateholder is no longer designated, the person or entity that beneficially owns the largest outstanding principal balance of the applicable class of certificates, or its designee, will be the series 2014-KS02 directing certificateholder or, in the event that no one holder owns the largest outstanding principal balance of the applicable class (e.g., because multiple holders each hold equal amounts of the outstanding principal balance of the Controlling Class), then there will be no series 2014-S02, directing certificateholder until one is appointed in accordance with the terms of the series 2014-S02 pooling and servicing agreement. For the purpose of determining whether the series 2014-KS02 directing certificateholder is an affiliate of a borrower with respect to any underlying mortgage loan, the “series 2014-KS02 directing certificateholder” will include the series 2014-KS02 directing certificateholder (and any affiliate), any managing member of the series 2014-KS02 directing certificateholder and any party directing or controlling the series 2014-KS02 directing certificateholder (or any affiliate), including, for example, in connection with any re-securitization of the Controlling Class.

By its acceptance of a series 2014-KS02 certificate, each series 2014-KS02 certificateholder confirms its understanding that (i) the series 2014-KS02 directing certificateholder may take actions that favor the interests of one or more classes of series 2014-KS02 certificates over other classes of series 2014-KS02 certificates, (ii) the series 2014-KS02 directing certificateholder may have special relationships and interests that conflict with those of holders of some classes of series 2014-KS02 certificates, (iii) the series 2014-KS02 directing certificateholder will have no liability to any series 2014-KS02 certificateholder for any action taken or not taken and (iv) each series

2014-KS02 certificateholder agrees to take no action against the series 2014-KS02 directing certificateholder as a result of any such action or omission or special relationship or conflict. See “Risk Factors—Risks Related to the Offered Certificates—The Interests of the Series 2014-KS02 Directing Certificateholder or Freddie Mac May Be in Conflict with the Interests of the Offered Certificateholders” in this information circular.

It is anticipated that KS02 Series B Owner, LLC, a Delaware limited liability company, and an affiliate of Ventas REIT, Inc., a Delaware corporation, will be designated to serve as the Initial Series 2014-KS02 Directing Certificateholder. As of the Closing Date, no Affiliated Borrower Loan Event is expected to exist with respect to the Initial Series 2014-KS02 Directing Certificateholder.

As and to the extent described under “—Asset Status Report” below, the series 2014-KS02 directing certificateholder may direct the master servicer or special servicer with respect to various servicing matters involving each of the underlying mortgage loans. However, upon the occurrence and during the continuance of any Affiliated Borrower Loan Event with respect to any Affiliated Borrower Loan, the series 2014-KS02 directing certificateholder’s (i) right to approve and consent to certain actions with respect to such underlying mortgage loan, (ii) right to purchase any such defaulted underlying mortgage loan from the issuing entity and (iii) access to certain information and reports regarding such underlying mortgage loan will be restricted as described in “—Asset Status Report” below and “—Purchase Option” above, as applicable. Upon the occurrence and during the continuance of an Affiliated Borrower Loan Event, the special servicer will be required to exercise any approval, consent, consultation or other rights with respect to any matters related to an Affiliated Borrower Loan as described in “—Asset Status Report” below.

Asset Status Report. Pursuant to the series 2014-KS02 pooling and servicing agreement, the special servicer is required to prepare and deliver a report to the master servicer, the series 2014-KS02 directing certificateholder and Freddie Mac (the “Asset Status Report”) with respect to any underlying mortgage loan that becomes a Specially Serviced Mortgage Loan within 60 days of the special servicer’s receipt of the information it reasonably requires after a Servicing Transfer Event.

Any Asset Status Report prepared by the special servicer will set forth the following information, to the extent reasonably determined:

- a summary of the status of the Specially Serviced Mortgage Loan;
- a discussion of the legal and environmental considerations reasonably known to the special servicer, consistent with the Servicing Standard, that are applicable to the exercise of remedies and whether outside legal counsel has been retained;
- a current rent roll and income or operating statement available for the related mortgaged real property;
- the appraised value of the mortgaged real property, together with the assumptions used in the calculation if the appraisal is less than twelve (12) months old;
- a recommendation by the special servicer as to how the Specially Serviced Mortgage Loan might be returned to performing status, returned to the master servicer for regular servicing or otherwise realized upon;
- a summary of any proposed actions;
- a status report on any foreclosure actions or other proceedings undertaken with respect to the related mortgaged real property, any proposed workouts with respect to the Specially Serviced Mortgage Loan and the status of any negotiations with respect to those workouts and an assessment of the likelihood of additional events of default on such underlying mortgage loan; and
- such other information as the special servicer deems relevant in light of the Servicing Standard.

If, within 10 business days following delivery of the Asset Status Report, the series 2014-KS02 directing certificateholder does not disapprove in writing of any action proposed to be taken in that Asset Status Report or,

upon delivery of a finalized Asset Status Report as described below, the special servicer is required to implement the recommended action as outlined in such Asset Status Report. If the series 2014-KS02 directing certificateholder disapproves in writing such Asset Status Report within such 10 business days, the special servicer is required to revise and deliver a new Asset Status Report within 30 days after the series 2014-KS02 directing certificateholder's disapproval. The special servicer must continue to revise that Asset Status Report until either (a) the series 2014-KS02 directing certificateholder fails to disapprove the revised Asset Status Report within 10 business days of receipt or (b) the passage of 60 days from the date of preparation of the first Asset Status Report. The special servicer will be required to deliver the finalized Asset Status Report to the series 2014-KS02 directing certificateholder, Freddie Mac, the master servicer and the trustee. However, the special servicer (i) may, following the occurrence of an extraordinary event with respect to the related mortgaged real property, take any action set forth in such Asset Status Report before the expiration of a 10-business day approval period if the special servicer has reasonably determined that failure to take such action would materially and adversely affect the interests of the series 2014-KS02 certificateholders and it has made a reasonable effort to contact the series 2014-KS02 directing certificateholder and (ii) in any case, must determine whether any affirmative disapproval by the series 2014-KS02 directing certificateholder described in this paragraph would violate the Servicing Standard.

The special servicer may not take any action inconsistent with an Asset Status Report, unless that action would be required in order to act in accordance with the Servicing Standard. The special servicer may, from time to time, modify any Asset Status Report it has previously delivered and implement that report, *provided* that the revised report has been prepared, reviewed and not rejected pursuant to the terms described above.

In addition to the foregoing, the special servicer is required to, subject to the Servicing Standard and the terms of the series 2014-KS02 pooling and servicing agreement, obtain the consent of the series 2014-KS02 directing certificateholder and respond to any reasonable request for information from Freddie Mac prior to the taking by the special servicer of (or prior to consenting to the master servicer taking) the following actions—

- any proposed or actual foreclosure upon or comparable conversion of (which may include acquisitions of an REO Property) the ownership of the property or properties securing any Specially Serviced Mortgage Loans as come into and continue in default;
- any modification, amendment or waiver of a monetary term (including any change in the timing of payments but excluding the waiver of Default Interest and late payment charges), any material non-monetary term (or any waiver of a due-on-sale or due-on-encumbrance clause of an underlying mortgage loan other than any easement, right of way or similar agreement);
- any acceptance of a discounted payoff with respect to a Specially Serviced Mortgage Loan in the issuing entity;
- any proposed or actual sale of an REO Property out of the issuing entity for less than the outstanding principal balance of, and accrued interest (other than Default Interest) on, the related mortgage loan, except in connection with a termination of the issuing entity as described under “—Termination” below;
- any determination to bring an REO Property held by the issuing entity into compliance with applicable environmental laws or to otherwise address hazardous material located at the REO Property;
- any release of real property collateral for an underlying mortgage loan, other than in accordance with the specific terms of, or upon satisfaction of, that mortgage loan; *provided, however* that the series 2014-KS02 directing certificateholder's consent to any release of non-material parcels of the mortgaged real property must not be unreasonably withheld;
- any acceptance of substitute or additional real property collateral for an underlying mortgage loan, other than in accordance with the specific terms of that underlying mortgage loan;
- any approval of releases of earn-out reserves or related letters of credit with respect to a mortgaged real property securing an underlying mortgage loan other than in accordance with the specific terms of that underlying mortgage loan;

- the release of any reserves in excess of the threshold set forth in the series 2014-KS02 pooling and servicing agreement; and
- any approval of a replacement property manager for any underlying mortgage loans with a Stated Principal Balance in excess of \$10,000,000 (which consent may not be unreasonably withheld), other than in connection with any pre-approved servicing request with respect to an underlying mortgage loan set forth in the series 2014-KS02 pooling and servicing agreement.

Notwithstanding the foregoing, no direction of the series 2014-KS02 directing certificateholder, and no failure to consent to any action requiring the consent of the series 2014-KS02 directing certificateholder under the series 2014-KS02 pooling and servicing agreement, may (i) require or cause the master servicer or the special servicer to violate the terms of the subject Specially Serviced Mortgage Loan, applicable law or any provision of the series 2014-KS02 pooling and servicing agreement; (ii) result in the imposition of a “prohibited transaction” or “prohibited contribution” tax under the REMIC Provisions; (iii) expose the master servicer, the special servicer, the trustee, the certificate administrator, the depositor, the issuing entity or any of various other parties to any claim, suit or liability or (iv) materially expand the scope of the special servicer’s or the master servicer’s responsibilities under the series 2014-KS02 pooling and servicing agreement. The master servicer or the special servicer, as the case may be, will not (x) follow any such direction of the series 2014-KS02 directing certificateholder, (y) initiate any such actions having any of the effects set out above, or (z) refrain from taking any action, based on its failure to obtain the consent of the series 2014-KS02 directing certificateholder, if the failure to take such action would violate the Servicing Standard.

Upon the occurrence of an Affiliated Borrower Loan Event, the series 2014-KS02 directing certificateholder will be required to provide written notice of same to the trustee, the certificate administrator, the master servicer, the special servicer and the guarantor within two (2) business days after the occurrence of such Affiliated Borrower Loan Event. In addition, the series 2014-KS02 directing certificateholder will be required to provide written notice to the trustee, the certificate administrator, the master servicer, the special servicer and the guarantor of the termination of any Affiliated Borrower Loan Event within two (2) business days after the termination of such Affiliated Borrower Loan Event. The master servicer, the special servicer, the trustee, the certificate administrator and Freddie Mac may rely on any such notice of the occurrence of an Affiliated Borrower Loan Event or the termination of an Affiliated Borrower Loan Event without making any independent investigation. Notwithstanding anything to the contrary in the series 2014-KS02 pooling and servicing agreement, upon the occurrence and during the continuance of an Affiliated Borrower Loan Event, the series 2014-KS02 directing certificateholder will not have any approval, consent, consultation or other rights under the series 2014-KS02 pooling and servicing agreement with respect to any matters related to any Affiliated Borrower Loan, and the special servicer (upon receipt of written notice from the series 2014-KS02 directing certificateholder, or any party on its behalf, of the occurrence of any Affiliated Borrower Loan Event, and prior to receipt of written notice from the series 2014-KS02 directing certificateholder, or any party on its behalf, of the termination of such Affiliated Borrower Loan Event) will be required to exercise any such rights in its sole discretion and in accordance with the Servicing Standard without seeking the consent or consultation of any other party, except that the special servicer may consult with the guarantor with respect to any matters related to the Affiliated Borrower Loan, but will not be bound by any such consultation with the guarantor. Upon receipt of written notice from the series 2014-KS02 directing certificateholder, or any party on its behalf, of the occurrence of any Affiliated Borrower Loan Event and prior to receipt of written notice from the series 2014-KS02 directing certificateholder, or any party on its behalf, of the termination of such Affiliated Borrower Loan Event, none of the trustee, the certificate administrator, the master servicer or the special servicer will be permitted under the series 2014-KS02 pooling and servicing agreement to seek, accept or take any action based on the approval, consent or consultation of the series 2014-KS02 directing certificateholder with respect to any matters related to any Affiliated Borrower Loan. In addition, for so long as an Affiliated Borrower Loan Event exists with respect to any Affiliated Borrower Loan, and to the extent the certificate administrator has actual knowledge of such Affiliated Borrower Loan Event, the certificate administrator may not provide to the series 2014-KS02 directing certificateholder any asset status report, inspection report, appraisal or internal valuation related to such Affiliated Borrower Loan. In addition, for so long as an Affiliated Borrower Loan Event exists with respect to any underlying mortgage loan, the trustee, the certificate administrator, the master servicer and the special servicer may withhold from the Series 2014-KS02 directing certificateholder any information with respect to such underlying mortgage loan that the trustee, the certificate administrator, the master servicer or the special servicer, as applicable, determines, in its sole discretion, is related to the workout of such

underlying mortgage loan. As of the Closing Date, no Affiliated Borrower Loan Event is expected to exist with respect to the Initial Series 2014-KS02 Directing Certificateholder.

Inspections; Collection of Operating Information

The special servicer will be required, at the expense of the issuing entity, to physically inspect or cause a physical inspection of the related corresponding mortgaged real property as soon as practicable after any underlying mortgage loan becomes a Specially Serviced Mortgage Loan and annually thereafter for so long as that underlying mortgage loan remains a Specially Serviced Mortgage Loan. The master servicer will be required, at its own expense, to physically inspect or cause a physical inspection of each mortgaged real property securing an underlying mortgage loan for which it acts as master servicer at least once per twelve (12) month period or, in the case of each underlying mortgage loan with an unpaid principal balance (or allocated loan amount) less than or equal to \$1,000,000, once every twenty-four (24) month period, if the special servicer has not already done so in that period as contemplated by the preceding sentence. For each underlying mortgage loan, such twelve (12) month period or twenty-four (24) month period, as applicable, will begin on such date as is consistent with the Guide. The master servicer and the special servicer will be required to prepare or cause the preparation of a written report of each inspection performed by it that generally describes the condition of the particular real property and, upon request, deliver such written report in electronic format to (i) the certificate administrator and (ii) the master servicer (if such written report was prepared by the special servicer).

Most of the mortgages obligate the related borrower to deliver quarterly, and substantially all mortgages require annual, property operating statements. However, we cannot assure you that any operating statements required to be delivered will in fact be delivered, nor is the special servicer or the master servicer likely to have any practical means of compelling such delivery in the case of an otherwise performing mortgage loan.

Servicer Reports

As set forth in the series 2014-KS02 pooling and servicing agreement, on a date preceding the applicable distribution date, the master servicer is required to deliver to the certificate administrator, the series 2014-KS02 directing certificateholder and Freddie Mac a servicer remittance report setting forth the information necessary for the certificate administrator to make the distributions set forth under “Description of the Series 2014-KS02 Certificates—Distributions” in this information circular and containing the information to be included in the distribution report for that distribution date delivered by the certificate administrator as described under “Description of the Series 2014-KS02 Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular.

Evidence as to Compliance

No later than the date specified below of each year, commencing in 2015, each of the master servicer and the special servicer must deliver or cause to be delivered, as applicable, to the depositor, the trustee, the certificate administrator and Freddie Mac, among others:

- by March 15th of each year, a statement of compliance signed by an officer of the master servicer or the special servicer, as the case may be, to the effect that, among other things, (i) a review of the activities of the master servicer or the special servicer, as the case may be, during the preceding calendar year—or, in the case of the first such certification, during the period from the Closing Date through December 31, 2014, inclusive—and of its performance under the series 2014-KS02 pooling and servicing agreement, has been made under such officer’s supervision, (ii) to the best of such officer’s knowledge, based on such review, the master servicer or special servicer, as the case may be, has fulfilled its obligations under the series 2014-KS02 pooling and servicing agreement in all material respects throughout the preceding calendar year or the portion of that year during which the certificates were outstanding (or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status of each such failure); (iii) to the best of such officer’s knowledge, each sub-servicer, if any, has fulfilled its obligations under its sub-servicing agreement in all material aspects (or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status of each such failure and proposed actions with regard to the

default); (iv) that the master servicer or the special servicer, as the case may be, has maintained an effective internal control system over the servicing of mortgage loans; and (v) whether the master servicer or the special servicer has received any notice regarding qualification of or challenge to the REMIC status of either Trust REMIC from the IRS or any other governmental agency, and

- as to each annual statement of compliance delivered by the master servicer or the special servicer, as the case may be, as described in the preceding bullet, by April 15th of each year, an accountant's statement from a registered public accounting firm to the effect that the asserting party complied with the minimum servicing standards identified in (a) Item 1122 of Regulation AB under the Securities Act of 1933, as amended, or (b) the Uniform Single Attestation Program for Mortgage Bankers.

As long as one party is performing the duties of both the master servicer and the special servicer, that party will be required to deliver only one report, certificate or statement satisfying the requirements listed immediately above. Copies of such statement will be provided to any certificateholder, upon written request of any certificateholder, by the certificate administrator.

Events of Default

Each of the following events, circumstances and conditions will be considered events of default with respect to the master servicer or special servicer under the series 2014-KS02 pooling and servicing agreement:

1. any failure by the master servicer to make (a) any required deposit into its collection account or any other account created under the series 2014-KS02 pooling and servicing agreement, which failure continues unremedied for two business days, or any required remittance to the certificate administrator for deposit in the certificate administrator's distribution account by the time required under the series 2014-KS02 pooling and servicing agreement on the business day prior to the related distribution date, which failure continues unremedied until 11:00 a.m. (New York City time) on the related distribution date; or (b) any required Servicing Advance within the time specified in the series 2014-KS02 pooling and servicing agreement, which failure remains uncured for 15 days (or such shorter time as is necessary to avoid the lapse of any required insurance policy for any mortgaged real property or the foreclosure of any tax lien on the related mortgaged real property);
2. any failure by the special servicer to deposit into the REO account, or to remit to the master servicer for deposit in the master servicer's collection account, any such deposit or remittance required to be made by the special servicer, when so required under the series 2014-KS02 pooling and servicing agreement, which failure continues unremedied for two business days;
3. any failure by the master servicer or the special servicer duly to observe or perform in any material respect any of its other covenants or obligations under the series 2014-KS02 pooling and servicing agreement, which failure continues unremedied for 30 days (15 days in the case of a failure to pay the premium for any required insurance policy for any mortgaged real property) after written notice of such failure has been given to the master servicer or special servicer, as the case may be, by any other party to the series 2014-KS02 pooling and servicing agreement, or to the master servicer or the special servicer, as applicable, the depositor and the trustee (with a copy to the certificate administrator) by the holders of 25% of the percentage interests of any class of series 2014-KS02 certificates; *provided, however*, if such failure (other than a failure to pay insurance policy premiums for any mortgaged real property) is not capable of being cured within such 30-day period and the master servicer or special servicer, as applicable, is diligently pursuing such cure, then such 30-day period will be extended for an additional 30 days;
4. any breach by the master servicer or the special servicer of a representation or warranty contained in the series 2014-KS02 pooling and servicing agreement that materially and adversely affects the interests of the series 2014-KS02 certificateholders and continues unremedied for 30 days after the date on which notice of such breach is given to the master servicer or special servicer, as the case may be, by any other party to the series 2014-KS02 pooling and servicing agreement, or to the master servicer or the special servicer, as applicable, the depositor and the trustee (with a copy to the certificate administrator) by the holders of 25% of the percentage interests of any class of series 2014-KS02 certificates; *provided, however*, if such breach is not capable of being cured within such 30-day period and the master servicer or special servicer, as

applicable, is diligently pursuing such cure, then such 30-day period will be extended for an additional 30 days;

5. certain events of insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings in respect of or relating to the master servicer or the special servicer, as applicable, and certain actions by or on behalf of the master servicer or special servicer, as applicable indicating its insolvency or inability to pay its obligations and such decree or order remains in force for 60 days;
6. consent by the master servicer or the special servicer to the appointment of a conservator, receiver, liquidator, trustee or similar official in any bankruptcy, insolvency, readjustment of debt, marshaling of assets and liabilities or similar proceedings of or relating to such master servicer or special servicer or relating to all or substantially all of its property;
7. admittance by the master servicer or the special servicer in writing of its inability to pay its debts generally as they become due, the filing of a petition to take advantage of any applicable bankruptcy, insolvency or reorganization statute, the making of an assignment for the benefit of its creditors, or the voluntary suspension of payment of its obligations or take any corporate action in furtherance of the foregoing;
8. a Ratings Trigger Event occurs with respect to the master servicer or the special servicer; or
9. failure of the master servicer to provide the certificate administrator with certain periodic information pertaining to the underlying mortgage loans as required under the series 2014-KS02 pooling and servicing agreement more than three (3) times in a rolling 12-month period within one (1) business day of the date on which the relevant report is due, unless such failure is due to force majeure or an act of God or such failure is waived by Freddie Mac; *provided* that Freddie Mac is not permitted to grant more than one (1) waiver in such rolling 12-month period without the consent of the series 2014-KS02 directing certificateholder, which consent may not be unreasonably withheld or delayed; *provided further*, that a report will not be considered late unless Freddie Mac provides the master servicer with written notice, with a copy to the certificate administrator, that the report was late within five (5) days after the related distribution date.

If the master servicer is terminated solely due to the event described in clause 8 above, the master servicer will have 45 days to solicit bids and complete the sale of the servicing rights with respect to the underlying mortgage loans to a servicer acceptable under the series 2014-KS02 pooling and servicing agreement, during which time period the master servicer will continue to service the underlying mortgage loans.

Rights Upon Event of Default

If an event of default described under “—Events of Default” above occurs with respect to the master servicer or the special servicer and remains unremedied, the trustee will be authorized, and at the direction of the series 2014-KS02 directing certificateholder or Freddie Mac, the trustee will be required, to terminate all of the obligations and all of the rights of the defaulting party pursuant to the series 2014-KS02 pooling and servicing agreement in and to the underlying mortgage loans and proceeds of the underlying mortgage loans, other than any rights the defaulting party may have (i) as a series 2014-KS02 certificateholder or (ii) in respect of compensation, indemnities and reimbursements accrued by or owing to such defaulting party on or prior to the date of termination or due to such defaulting party thereafter for services rendered and expenses incurred. Upon any such termination, the trustee must either:

- succeed to all of the responsibilities, duties and liabilities of the defaulting party under the series 2014-KS02 pooling and servicing agreement; or
- appoint an established mortgage loan servicing institution to act as successor to the defaulting party under the series 2014-KS02 pooling and servicing agreement that meets the Successor Servicer Requirements;

subject, in both cases, to (a) the right of the master servicer to sell its servicing rights with respect to the underlying mortgage loans as described in “—Events of Default” above, (b) the right of the series 2014-KS02 directing certificateholder to appoint a successor special servicer as described under “—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties” above and (c) the right of series 2014-KS02

certificateholders entitled to at least $66\frac{2}{3}\%$ of the voting rights allocated to each class of series 2014-KS02 certificates affected by any event of default to waive such event of default as described below.

If the trustee is unwilling or unable to act as the permanent successor master servicer or special servicer or does not satisfy the Successor Servicer Requirements, it may (or, at the written request of series 2014-KS02 certificateholders entitled to not less than 51% of the voting rights will be required to), promptly appoint, or petition a court of competent jurisdiction to appoint as successor to the master servicer or the special servicer, as applicable, an established mortgage loan servicing institution, which satisfies the Successor Servicer Requirements.

In general, series 2014-KS02 certificateholders entitled to at least $66\frac{2}{3}\%$ of the voting rights allocated to each class of series 2014-KS02 certificates affected by any event of default may waive the event of default. However, the events of default described in clauses 1 and 2 under “—Events of Default” above may only be waived by all of the holders of the affected classes of series 2014-KS02 certificates, the trustee and Freddie Mac. Furthermore, if the certificate administrator or the trustee is required to spend any monies in connection with any event of default or any waiver of that event of default, then that event of default may not be waived unless and until the certificate administrator or the trustee has been reimbursed for such amounts by the party requesting the waiver. Upon any waiver of an event of default, the event of default will cease to exist and will be deemed to have been remedied for every purpose under the series 2014-KS02 pooling and servicing agreement.

No series 2014-KS02 certificateholder will have the right under the series 2014-KS02 pooling and servicing agreement to institute any proceeding with respect to the series 2014-KS02 pooling and servicing agreement unless:

- that holder previously has given to the trustee written notice of default;
- except in the case of a default by the trustee, series 2014-KS02 certificateholders representing at least 25% of a class have made written request upon the trustee to institute that proceeding in its own name as trustee under the series 2014-KS02 pooling and servicing agreement and have offered to the trustee reasonable security or indemnity; and
- the trustee for 60 days has neglected or refused to institute any such proceeding.

Neither the certificate administrator nor the trustee, however, will be under any obligation to exercise any of the trusts or powers vested in it by the series 2014-KS02 pooling and servicing agreement or to make any investigation of matters arising thereunder or to institute, conduct or defend any litigation under or in relation to the series 2014-KS02 pooling and servicing agreement at the request, order or direction of any of the series 2014-KS02 certificateholders, unless in the certificate administrator’s or the trustee’s opinion, as applicable, those series 2014-KS02 certificateholders have offered to the certificate administrator or the trustee, as applicable, reasonable security or indemnity against the costs, expenses and liabilities which may be incurred by the certificate administrator or the trustee as a result.

Matters Regarding the Trustee, the Certificate Administrator and the Custodian

Each of the trustee and the certificate administrator is at all times required to be a corporation, national bank, trust company or national banking association organized and doing business under the laws of the U.S. or any State of the U.S. or the District of Columbia. Furthermore, the trustee and the certificate administrator must at all times, among other things—

- be authorized under those laws to exercise corporate trust powers;
- have a combined capital and surplus of at least \$50,000,000; and
- be subject to supervision or examination by federal or state authority.

If the corporation, national bank, trust company or national banking association publishes reports of condition at least annually, in accordance with law or the requirements of the supervising or examining authority, then the combined capital and surplus of that corporation, national bank, trust company or national banking association will be deemed to be its combined capital and surplus as described in its most recent published report of condition.

We, the master servicer, the special servicer, Freddie Mac and our and their respective affiliates, may from time to time enter into normal banking and trustee relationships with the trustee, the certificate administrator and their affiliates. The trustee, the certificate administrator and any of their respective affiliates may hold series 2014-KS02 certificates in its own name. In addition, for purposes of meeting the legal requirements of some local jurisdictions, the trustee will have the power to appoint a co-trustee or separate trustee of all or any part of the assets of the issuing entity. All rights, powers, duties and obligations conferred or imposed upon the trustee will be conferred or imposed upon the trustee and the separate trustee or co-trustee jointly or, in any jurisdiction in which the trustee is incompetent or unqualified to perform some acts, singly upon the separate trustee or co-trustee, who may exercise and perform its rights, powers, duties and obligations solely at the direction of the trustee.

The trustee and the certificate administrator will be entitled to a monthly fee for their services as trustee, certificate administrator and custodian, as applicable. This fee will accrue with respect to each and every underlying mortgage loan. The trustee fee will accrue at 0.0020% per annum on the Stated Principal Balance of each underlying mortgage loan outstanding from time to time and will be calculated on the same basis as interest on each underlying mortgage loan. The certificate administrator fee will accrue at 0.0030% per annum on the Stated Principal Balance of each underlying mortgage loan outstanding from time to time and will be calculated on the same basis as interest on each underlying mortgage loan. The trustee fee and the certificate administrator fee are payable out of general collections on the mortgage pool in the issuing entity.

The certificate administrator will initially be the custodian of the mortgage files. The certificate administrator may appoint, at the certificate administrator's own expense, one or more custodians to hold all or a portion of the mortgage files on behalf of the trustee; however the certificate administrator will be required to inform the master servicer, the trustee and Freddie Mac of such appointment and the appointment of any custodian will require the approval of Freddie Mac. Each custodian will be required to (a) be a depository institution supervised and regulated by a federal or state banking authority, (b) have combined capital and surplus of at least \$10,000,000, (c) be qualified to do business in the jurisdiction in which it holds any mortgage file, (d) not be the depositor, the mortgage loan seller or any affiliate of the depositor or the mortgage loan seller, and (e) have in place a fidelity bond and errors and omissions policy, each in such form and amount as is customarily required of custodians acting on behalf of Freddie Mac or Fannie Mae. Each custodian will be subject to the same obligations, standard of care, protections and indemnities as would be imposed on, or would protect, the certificate administrator under the series 2014-KS02 pooling and servicing agreement in connection with the retention of mortgage files directly by the certificate administrator. The appointment of one or more custodians will not relieve the certificate administrator from any of its obligations under the series 2014-KS02 pooling and servicing agreement, and the certificate administrator will remain responsible for all acts and omissions of any custodian.

Certain Indemnities

The depositor, the master servicer (either in its own right or on behalf of an indemnified sub-servicer) and the special servicer and any officer, director, general or limited partner, shareholder, member, manager, employee, agent, affiliate or controlling person of the depositor, the master servicer or the special servicer will be entitled to be indemnified and held harmless by the issuing entity against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by or asserted against them in connection with, related to, or arising out of, the series 2014-KS02 pooling and servicing agreement, the transactions contemplated by the series 2014-KS02 pooling and servicing agreement or the series 2014-KS02 certificates, other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) (i) that is specifically required to be borne by the party seeking indemnification, without right of reimbursement pursuant to the terms of the series 2014-KS02 pooling and servicing agreement or (ii) incurred by reason of a breach of any representation or warranty by the depositor, the master servicer or the special servicer, as applicable, under the series 2014-KS02 pooling and servicing agreement, or by reason of the negligent misfeasance, bad faith, fraud or negligence of the depositor, the master servicer or the special servicer, as applicable, in the performance of its respective duties under the series 2014-KS02 pooling and servicing agreement or negligent disregard of its respective obligations or duties under the series 2014-KS02 pooling and servicing agreement. For the avoidance of doubt, the indemnification provided by the issuing entity pursuant to the preceding sentence will not entitle the master servicer or the special servicer, as applicable, to reimbursement for ordinary costs or expenses incurred by the master servicer or the special servicer, as applicable, in connection with its usual and customary performance of

its duties and obligations under the series 2014-KS02 pooling and servicing agreement that are not expressly payable or reimbursable to the master servicer or the special servicer, as applicable, under the series 2014-KS02 pooling and servicing agreement. The master servicer, on behalf of an indemnified sub-servicer, will be entitled to pursue the issuing entity under the series 2014-KS02 pooling and servicing agreement for any indemnification due to an indemnified sub-servicer under the terms of the related sub-servicing agreement. The master servicer will be required to promptly upon receipt and identification remit such indemnification amounts to the affected indemnified sub-servicer upon reimbursement of such amounts from the collection account or (upon receipt from the trustee) the distribution account, as applicable. If the master servicer determines that a claim for indemnification submitted by a sub-servicer should not be pursued under the terms of the related sub-servicing agreement or the series 2014-KS02 pooling and servicing agreement, the master servicer will be required to promptly notify Freddie Mac in writing of the nature of such claim and a summary explanation of the master servicer's reason for denying such claim.

The trustee (in each of its capacities under the series 2014-KS02 pooling and servicing agreement), the certificate administrator (in each of its capacities under the series 2014-KS02 pooling and servicing agreement), the custodian and their respective officers, directors, general or limited partners, shareholders, members, managers, employees, agents, affiliates and controlling persons will be entitled to be indemnified and held harmless by the issuing entity against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by or asserted against the trustee, the certificate administrator or the custodian, as applicable, in connection with, related to, or arising out of the series 2014-KS02 pooling and servicing agreement, the transactions contemplated by the series 2014-KS02 pooling and servicing agreement or the series 2014-KS02 certificates other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) (i) that constitutes a specific liability of the trustee, the certificate administrator or the custodian, as applicable, under the series 2014-KS02 pooling and servicing agreement, (ii) incurred by reason of any breach of any representation or warranty by the trustee, the certificate administrator or the custodian, as applicable, under the series 2014-KS02 pooling and servicing agreement or by reason of the misfeasance, bad faith, fraud or negligence of the trustee, the certificate administrator or the custodian, as applicable, in the performance of its duties under the series 2014-KS02 pooling and servicing agreement or negligent disregard of its obligations or duties under the series 2014-KS02 pooling and servicing agreement or (iii) that would not constitute "unanticipated expenses incurred by the REMIC" within the meaning of Treasury Regulations Section 1.860G-1(b)(3)(iii).

However, subject to the last two sentences of this paragraph, in any calendar year, indemnification to us, the trustee, the certificate administrator, the custodian, the master servicer (for itself or certain indemnified sub-servicers, as applicable), the special servicer and their respective general or limited partners, members, managers, shareholders, affiliates, directors, officers, employees, agents and controlling persons will not exceed an amount equal to the Depositor Aggregate Annual Cap, the Trustee Aggregate Annual Cap or the Certificate Administrator/Custodian Aggregate Annual Cap (if different persons or entities are the trustee and the certificate administrator/custodian), the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap (if the same person or entity is the trustee and the certificate administrator/custodian), the Master Servicer Aggregate Annual Cap or the Special Servicer Aggregate Annual Cap, as applicable. Any amounts payable in excess of the relevant Aggregate Annual Cap will be required to be paid, to the extent the funds are available, in the subsequent year or years (subject to the relevant Aggregate Annual Cap in each year) until paid in full. Any indemnification amounts unpaid as a result of the relevant Aggregate Annual Cap will accrue interest at a rate equal to the Prime Rate from the date on which such amounts would have otherwise been paid had such Aggregate Annual Cap not applied to the date on which such amount is paid. The foregoing Aggregate Annual Caps will not apply after the Aggregate Annual Cap Termination Date. Freddie Mac and the series 2014-KS02 directing certificateholder will have the right, in their sole and absolute discretion, to waive (as evidenced by a waiver signed by both Freddie Mac and the series 2014-KS02 directing certificateholder) the Depositor Aggregate Annual Cap, the Master Servicer Aggregate Annual Cap, the Trustee Aggregate Annual Cap, the Certificate Administrator/Custodian Aggregate Annual Cap, the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap or the Special Servicer Aggregate Annual Cap upon the written request (which request, in the case of certain indemnified sub-servicers, is required to be accompanied by notice to the master servicer) of the depositor, the trustee, the certificate administrator, the master servicer, certain indemnified sub-servicers or the special servicer, as applicable.

Termination

The obligations created by the series 2014-KS02 pooling and servicing agreement will terminate following the earliest of—

1. the final payment or advance on, or other liquidation of, the last underlying mortgage loan or related REO Property remaining in the issuing entity;
2. the purchase of all of the underlying mortgage loans and REO Properties remaining in the issuing entity by the holders of a majority of the percentage interest of the Controlling Class (excluding Freddie Mac), the master servicer or the special servicer, in the order of preference discussed below, and
3. after the total outstanding principal balances of the class A and B certificates have been reduced to zero, the exchange by the Sole Certificateholder (excluding Freddie Mac), with the consent of the master servicer, of all its series 2014-KS02 certificates (other than the class R certificates) for all of the underlying mortgage loans and each REO Property remaining in the issuing entity.

Written notice of termination of the series 2014-KS02 pooling and servicing agreement will be given to each series 2014-KS02 certificateholder and Freddie Mac. The final distribution with respect to each series 2014-KS02 certificate will be made only upon surrender and cancellation of that certificate at the office of the series 2014-KS02 certificate registrar or at any other location specified in the notice of termination.

The following parties will each in turn, according to the order listed below, have the option to purchase all of the underlying mortgage loans and all other property remaining in the issuing entity on any distribution date on which the total Stated Principal Balance of the mortgage pool is less than 1.0% of the initial mortgage pool balance, upon written notice to the trustee and the other parties to the series 2014-KS02 pooling and servicing agreement:

- the holders of a majority of the percentage interest of the Controlling Class (excluding Freddie Mac);
- the special servicer; and
- the master servicer.

Any purchase by the holders of a majority of the percentage interest of the Controlling Class (excluding Freddie Mac), a master servicer or a special servicer of all the underlying mortgage loans and REO Properties remaining in the issuing entity is required to be made at a price equal to:

- the sum of—
 1. the total Stated Principal Balance of all the underlying mortgage loans then included in the issuing entity, other than any mortgage loans as to which the mortgaged real properties have become REO Properties, together with—
 - all unpaid and unadvanced interest, other than Default Interest, on those underlying mortgage loans through their respective due dates in the related Collection Period,
 - all unreimbursed advances for those underlying mortgage loans, together with any interest on those advances owing to the parties that made them,
 - without duplication, any unreimbursed Additional Issuing Entity Expenses, and
 - any Unreimbursed Indemnification Expenses, and
 2. the appraised value of all REO Properties then included in the issuing entity, as determined by an appraiser mutually agreed upon by the master servicer and the special servicer; minus
- solely in the case of a purchase by the master servicer or the special servicer, the total of all amounts payable or reimbursable to the purchaser under the series 2014-KS02 pooling and servicing agreement.

The purchase will result in early retirement of the then outstanding series 2014-KS02 certificates. However, the right of the holders of a majority of the percentage interest of the Controlling Class (excluding Freddie Mac), the master servicer or the special servicer to make the purchase is subject to the requirement that the total Stated Principal Balance of the mortgage pool be less than 1.0% of the initial mortgage pool balance. The termination price, exclusive of any portion of the termination price payable or reimbursable to any person other than the series 2014-KS02 certificateholders, will constitute part of the Available Distribution Amount for the final distribution date. Any person or entity making the purchase will be responsible for reimbursing the parties to the series 2014-KS02 pooling and servicing agreement for all reasonable out-of-pocket costs and expenses incurred by those parties in connection with the purchase.

If after the total outstanding principal balances of the class A and B certificates have been reduced to zero, with the consent of the master servicer, the Sole Certificateholder elects to exchange all of its series 2014-KS02 certificates (other than the class R certificates) for all of the underlying mortgage loans and each REO Property remaining in the issuing entity, the Sole Certificateholder will be required to deposit in the collection account all amounts due and owing to the depositor, the master servicer, the special servicer, the certificate administrator, the custodian and the trustee under the series 2014-KS02 pooling and servicing agreement through the date of the liquidation of the issuing entity, but only to the extent that such amounts are not already on deposit in the collection account. In addition, the master servicer will be required to remit to the certificate administrator for deposit into the distribution account all amounts required to be transferred to the distribution account on such Remittance Date from the collection account. Upon confirmation that such final deposits have been made and following the surrender by the Sole Certificateholder of all its series 2014-KS02 certificates (other than the class R certificates) on the first distribution date thereafter, the trustee will be required to release or cause to be released to the Sole Certificateholder or its designee the mortgage files for the underlying mortgage loans and execute all assignments, endorsements and other instruments furnished to it by the Sole Certificateholder necessary to effectuate transfer of the underlying mortgage loans and REO Properties remaining in the issuing entity to the Sole Certificateholder, and the issuing entity will be liquidated. In connection with any such exchange and liquidation of the issuing entity, the holders of the class R certificates will be required to surrender their class R certificates.

The series 2014-KS02 directing certificateholder, with the consent of the holders of the Controlling Class, will be required to act on behalf of the holders of the Controlling Class in purchasing the assets of the issuing entity and terminating the issuing entity.

Amendment

In general, the series 2014-KS02 pooling and servicing agreement may be amended by mutual agreement of the parties to the series 2014-KS02 pooling and servicing agreement without the consent of any of the holders of the series 2014-KS02 certificates for the following reasons—

1. to cure any ambiguity;
2. to correct, modify or supplement any provision in the series 2014-KS02 pooling and servicing agreement which may be inconsistent with this information circular;
3. to correct, modify or supplement any provision in the series 2014-KS02 pooling and servicing agreement which may be inconsistent with any other provision in that document or to correct any error;
4. to make any other provisions with respect to matters or questions arising under the series 2014-KS02 pooling and servicing agreement that are not inconsistent with the existing provisions of that document;
5. to modify, supplement or make any other provision with regard to the resignation of the trustee or the certificate administrator;
6. with an opinion of counsel delivered to the trustee, the certificate administrator, the master servicer and the special servicer, to relax or eliminate (a) any requirement under the series 2014-KS02 pooling and servicing agreement imposed by the REMIC or grantor trust provisions of the Code or (b) any transfer restriction imposed on the series 2014-KS02 certificates, in each case, if such laws are amended or clarified such that any such restriction may be relaxed or eliminated;

7. with an opinion of counsel delivered to the trustee, the certificate administrator, the master servicer and the special servicer, to comply with the Code, avoid the occurrence of a prohibited transaction or reduce any tax that would arise from any actions taken with respect to the operation of either Trust REMIC or the grantor trust;
8. with the consent of the series 2014-KS02 directing certificateholder, to allow the mortgage loan seller and its affiliates to obtain accounting “sale” treatment for the underlying mortgage loans sold by the mortgage loan seller to the depositor under applicable accounting standards;
9. to modify the procedures in the series 2014-KS02 pooling and servicing agreement relating to Rule 15Ga-1 under the Exchange Act; or
10. to modify, alter, amend, add to or rescind any of the provisions contained in the series 2014-KS02 pooling and servicing agreement to comply with any rules or regulations promulgated by the SEC from time to time.

No amendment described in clauses (3), (4) or (8) may adversely affect in any material respect the interests of any certificateholder or any third party beneficiary to the series 2014-KS02 pooling and servicing agreement or any provision of the series 2014-KS02 pooling and servicing agreement, as evidenced by the receipt by the trustee and the certificate administrator of an opinion of counsel to that effect or, alternatively, in the case of any particular certificateholder or third party beneficiary, an acknowledgment to that effect from such person.

In addition, the series 2014-KS02 pooling and servicing agreement may be amended by the parties to the series 2014-KS02 pooling and servicing agreement with the consent of the holders of not less than 51% of the series 2014-KS02 voting rights that are materially affected by the amendment, to (a) add to, change or eliminate any of the provisions of the series 2014-KS02 pooling and servicing agreement or (b) modify the rights of the holders of the series 2014-KS02 certificates. However, no such amendment may:

1. reduce the amount of, or delay the timing of, payments received or advanced on the underlying mortgage loans and/or REO Properties which are required to be distributed on any series 2014-KS02 certificate, without the consent of the holder of such certificate;
2. adversely affect in any material respect the interests of the holders of any class of series 2014-KS02 certificates in a manner other than as described in clause (1) above, without the consent of the holders of all series 2014-KS02 certificates of such class;
3. modify the amendment provisions of the series 2014-KS02 pooling and servicing agreement or the definition of “Servicing Standard,” without the consent of the holders of all series 2014-KS02 certificates then outstanding;
4. modify the obligation of the guarantor to guarantee the Guaranteed Certificates;
5. significantly change the activities of the issuing entity, without the consent of holders of series 2014-KS02 certificates entitled to not less than $66\frac{2}{3}\%$ of the series 2014-KS02 voting rights (not taking into account series 2014-KS02 certificates held by the depositor or any of its affiliates or agents or Freddie Mac); or
6. adversely affect in any material respect the interests of any third party beneficiary to the series 2014-KS02 pooling and servicing agreement without the consent of such third party beneficiary.

The series 2014-KS02 pooling and servicing agreement provides that any amendments made to it must be accompanied by an opinion of counsel stating that the amendment will not adversely affect the REMIC status of either Trust REMIC or the grantor trust status of the grantor trust created under the terms of the series 2014-KS02 pooling and servicing agreement.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general discussion of the anticipated material federal income tax consequences of the purchase, ownership and disposition of the offered certificates. The discussion below does not purport to address all federal income tax consequences that may be applicable to particular categories of investors, some of which (such as banks, insurance companies and foreign investors) may be subject to special rules. The authorities on which this discussion is based are subject to change or differing interpretations, and any such change or interpretation could apply retroactively. This discussion reflects the applicable provisions of the Code, as well as regulations (the “REMIC Regulations”) promulgated by Treasury. Investors should consult their own tax advisors in determining the federal, state, local or any other tax consequences to them of the purchase, ownership and disposition of certificates.

The following summary is not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. The following summary is written and provided by the depositor in connection with the promotion or marketing of the transactions or matters addressed in this information circular by the depositor. Investors should seek advice based on their particular circumstances from an independent tax advisor.

Elections will be made to treat applicable portions of the issuing entity as two separate REMICs within the meaning of Code Section 860D (the “Lower-Tier REMIC” and the “Upper-Tier REMIC”, and collectively, the “Trust REMICs”). The Lower-Tier REMIC will hold the underlying mortgage loans, the proceeds of the related underlying mortgage loans, the related portion of the collection account, the related portion of the distribution account, and the portion of any property that secured a related underlying mortgage loan that was acquired by foreclosure or deed-in-lieu of foreclosure and the Initial Interest Reserve Account, and will issue (i) certain uncertificated classes of “regular interests” (the “Lower-Tier REMIC Regular Interests”) as classes of “regular interests” in the Lower-Tier REMIC and (ii) the sole class of “residual interests” in the Lower-Tier REMIC, represented by the class R certificates. The Upper-Tier REMIC will hold the Lower-Tier REMIC Regular Interests and the related portion of the distribution account and will issue (i) uncertificated classes of “regular interests”, corresponding to the class A, B, C and X certificates (the “Upper-Tier REMIC Regular Interests”) as classes of “regular interests” in the Upper-Tier REMIC and (ii) the sole class of “residual interests” in the Upper-Tier REMIC, represented by the class R certificates. Assuming (i) the making of appropriate elections, (ii) compliance with the series 2014-KS02 pooling and servicing agreement, and (iii) compliance with any changes in the law, including any amendments to the Code or applicable Treasury regulations thereunder, in the opinion of Cadwalader, Wickersham & Taft LLP, counsel to the depositor, each of the Trust REMICs will qualify as a REMIC on the Closing Date and thereafter. Additionally, the portion of the issuing entity (the “Grantor Trust”) consisting of the Upper-Tier REMIC Regular Interests and the right of the class B and C certificates to receive, and the obligation of the class X certificates to pay, Additional Interest Distribution Amounts (the “Basis Risk Contracts”) will be treated as a grantor trust under the subpart E, part I of subchapter J of the Code, and the class A, X, B and C certificates will represent undivided beneficial interests in their respective portions of the Grantor Trust. References in this information circular to “REMIC” refer to either the Lower-Tier REMIC or the Upper-Tier REMIC, as appropriate. References to “Holder” or “Certificateholder” in this discussion are to the beneficial owner of a certificate as specified in this information circular. As used in this information circular, the term “Regular Certificates” refers to the class A, X, B and C certificates, to the extent such classes represent beneficial interests in the related classes of Upper-Tier REMIC Regular Interests, and without regard to any right to receive, or obligation to pay, as applicable, any Additional Interest Distribution Amounts.

Qualification as a REMIC

In order for each of the Trust REMICs to qualify as a REMIC, there must be ongoing compliance on the part of each REMIC with the requirements set forth in the Code. Each of the Trust REMICs must fulfill an asset test, which requires that no more than a *de minimis* portion of the assets of each REMIC, as of the close of the third calendar month beginning after the “Startup Day” (which for purposes of this discussion is the Closing Date) and at all times thereafter, may consist of assets other than “qualified mortgages” and “permitted investments.” The REMIC Regulations provide a safe harbor pursuant to which the *de minimis* requirements will be met if at all times the aggregate adjusted basis of the nonqualified assets is less than 1% of the aggregate adjusted basis of all the REMIC’s assets. Each REMIC also must provide “reasonable arrangements” to prevent its residual interests from

being held by “disqualified organizations” or their agents and must furnish applicable tax information to transferors or agents that violate this requirement. The series 2014-KS02 pooling and servicing agreement will provide that no legal or beneficial interest in the class R certificates may be transferred or registered unless certain conditions, designed to prevent violation of this requirement, are met.

A qualified mortgage is any obligation that is principally secured by interest in real property and that is either transferred to the REMIC on the Startup Day or is either purchased by the REMIC within a three-month period thereafter or represents an increase in the loan advanced to the obligor under its original terms, in either case, pursuant to a fixed price contract in effect on the Startup Day. Qualified mortgages include whole mortgage loans or participation interests in whole mortgage loans, such as the underlying mortgage loans, and regular interests in another REMIC, such as the Lower-Tier REMIC Regular Interests that are held by the Upper-Tier REMIC, *provided*, in general, (i) the fair market value of the real property security (including buildings and structural components of the buildings) is at least 80% of the principal balance of the related underlying mortgage loan either at origination or as of the Startup Day (a loan-to-value ratio of not more than 125% with respect to the real property security) or (ii) substantially all the proceeds of an underlying mortgage loan were used to acquire, improve or protect an interest in real property that, at the origination date, was the only security for the underlying mortgage loans. If an underlying mortgage loan was not in fact principally secured by real property or is otherwise not a qualified mortgage, it must be disposed of within 90 days of discovery of such defect, or otherwise ceases to be a qualified mortgage after such 90-day period.

Permitted investments include cash flow investments, qualified reserve assets and foreclosure property. A cash flow investment is an investment, earning a return in the nature of interest, of amounts received on or with respect to qualified mortgages for a temporary period, not exceeding 13 months, until the next scheduled distribution to Holders of interests in the REMIC. A qualified reserve asset includes any intangible property held for investment that is part of any reasonably required reserve maintained by the REMIC to provide for payments of expenses of the REMIC or amounts due on the regular or residual interests in the event of defaults (including delinquencies) on the qualified mortgages, lower than expected reinvestment returns, prepayment interest shortfalls and certain other contingencies. The Trust REMICs will not hold any reserve funds. Foreclosure property is real property acquired by a REMIC in connection with the default or imminent default of a qualified mortgage and maintained by the REMIC in compliance with applicable rules, *provided* the depositor had no knowledge or reason to know as of the Startup Day that such a default had occurred or would occur. Foreclosure property may generally not be held after the close of the third calendar year beginning after the date the REMIC acquires such property, with one extension that may be granted by the IRS.

In addition to the foregoing requirements, the various interests in a REMIC also must meet certain requirements. All of the interests in a REMIC must be either of the following: (i) one or more classes of regular interests or (ii) a single class of residual interests on which distributions, if any, are made *pro rata*. A regular interest is an interest in a REMIC that is issued on the Startup Day with fixed terms, is designated as a regular interest, unconditionally entitles the Holder to receive a specified principal amount, and provides that interest payments, if any, at or before maturity either are payable based on a fixed rate or a qualified variable rate, or consist of a specified, nonvarying portion of the interest payments on the qualified mortgages. The rate on the specified portion may be a fixed rate, a variable rate, or the difference between one fixed or qualified variable rate and another fixed or qualified variable rate. The specified principal amount of a regular interest that provides for interest payments consisting of a specified, nonvarying portion of interest payments on qualified mortgages may be zero. An interest in a REMIC may be treated as a regular interest even if payments of principal with respect to such interest are subordinated to payments on other regular interests or the residual interest in the REMIC, and are dependent on the absence of defaults or delinquencies on qualified mortgages or permitted investments, lower than reasonably expected returns on permitted investments, expenses incurred by REMIC or Prepayment Interest Shortfalls. A residual interest is an interest in a REMIC other than a regular interest that is issued on the Startup Day that is designated as a residual interest. Accordingly, the Upper-Tier REMIC Regular Interests represented by the Regular Certificates will constitute classes of regular interests in the Upper-Tier REMIC; the Lower-Tier REMIC Regular Interests will constitute classes of regular interests in the Lower-Tier REMIC; and the class R certificates will represent the sole classes of residual interest in the Lower-Tier REMIC and the Upper-Tier REMIC, respectively.

If an entity fails to comply with one or more of the ongoing requirements of the Code for status as one or more REMICs during any taxable year, the Code provides that the entity or applicable portion of that entity will not be

treated as a REMIC for such year and thereafter. In this event, any entity with debt obligations with two or more maturities, such as the issuing entity, may be treated as a separate association taxable as a corporation under Treasury regulations, and the certificates may be treated as equity interests in the issuing entity. The Code, however, authorizes Treasury to issue regulations that address situations where failure to meet one or more of the requirements for REMIC status occurs inadvertently and in good faith. Investors should be aware, however, that the Conference Committee Report to the Tax Reform Act of 1986 (the “1986 Act”) indicates that the relief may be accompanied by sanctions, such as the imposition of a corporate tax on all or a portion of the REMIC’s income for the period of time in which the requirements for REMIC status are not satisfied.

Status of Regular Certificates

Except as provided below, Regular Certificates held by a real estate investment trust will constitute “real estate assets” within the meaning of Code Section 856(c)(5)(B) and interest on Regular Certificates will be considered “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) in the same proportion that, for both purposes, the assets of the issuing entity would be so treated. For purposes of Code Section 856(c)(5)(B), payments of principal and interest on the underlying mortgage loans that are reinvested pending distribution to Holders of Regular Certificates qualify for such treatment. Regular Certificates held by a domestic building and loan association will be treated as “loans...secured by an interest in real property which is...residential real property” within the meaning of Code Section 7701(a)(19)(C)(v). For purposes of the foregoing tests, the Trust REMICs are treated as a single REMIC. If at all times 95% or more of the assets of the Trust REMICs qualify for each of the foregoing treatments, the Regular Certificates will qualify for the corresponding status in their entirety. Regular Certificates held by certain financial institutions will constitute an “evidence of indebtedness” within the meaning of Code Section 582(c)(1).

The foregoing treatments will not apply to the extent of the portion of the basis of the holder of a class B or C certificate that is allocable to the related Basis Risk Contract. In addition, because the class B and C certificates and the class X certificates also represent the right to receive and the obligation to make, respectively, payments under the related Basis Risk Contracts, they may not be suitable for inclusion in another REMIC.

Taxation of Regular Certificates

General. In general, interest, original issue discount (“OID”) and market discount on a Regular Certificate will be treated as ordinary income to a Certificateholder, and principal payments on a Regular Certificate will be treated as a return of capital to the extent of the Certificateholder’s basis allocable to its Regular Certificate (other than accrued market discount, if any, not yet reported as income). The Holder of a class B or C certificate must allocate its basis between its related Upper-Tier REMIC Regular Interest and its right to receive payments under the related Basis Risk Contract (to the extent such rights have value). See “—Taxation of the Basis Risk Contracts” below. Certificateholders must use the accrual method of accounting with regard to the Regular Certificates, regardless of the method of accounting otherwise used by such Certificateholders.

Original Issue Discount. Holders of Regular Certificates issued with OID generally must include OID in ordinary income for federal income tax purposes as it accrues in accordance with the constant yield method, which takes into account the compounding of interest, in advance of receipt of the cash attributable to such income. The following discussion is based in part on temporary and final Treasury regulations (the “OID Regulations”) under Code Sections 1271 through 1273 and 1275 and in part on the provisions of the 1986 Act. Certificateholders should be aware, however, that the OID Regulations do not adequately address certain issues relevant to prepayable securities such as the Regular Certificates. To the extent such issues are not addressed in the OID Regulations, it is anticipated that the certificate administrator will apply the methodology described in the Conference Committee Report to the 1986 Act. No assurance can be provided that the IRS will not take a different position as to those matters not currently addressed by the OID Regulations. Moreover, the OID Regulations include an anti-abuse rule allowing the IRS to apply or depart from the OID Regulations where necessary or appropriate to ensure a reasonable tax result in light of the applicable statutory provisions. A tax result will not be considered unreasonable under the anti-abuse rule in the absence of a substantial effect on the present value of a taxpayer’s tax liability. Investors are advised to consult their own tax advisors as to the discussion in this information circular and the appropriate method for reporting interest and OID with respect to the Regular Certificates.

Each Regular Certificate will be treated as a single installment obligation for purposes of determining the OID includible in a Certificateholder's income. The total amount of OID on a Regular Certificate is the excess of the "stated redemption price at maturity" of the Regular Certificate over its "issue price." The issue price of a class of Regular Certificates is the first price at which a substantial amount of Regular Certificates of such class (in each case, to the extent not allocable to the related Basis Risk Contract, if any) are sold to investors (excluding bond houses, brokers and underwriters). Although unclear under the OID Regulations, it is anticipated that the certificate administrator will treat the issue price of a class of Regular Certificates as to which there is no substantial sale as of the Closing Date as the fair market value of such class as of the Closing Date. The issue price of the class X certificates will be the price thereof, plus the amount, if any, deemed received for providing the Basis Risk Contracts. The stated redemption price at maturity of a Regular Certificate is the sum of all payments of the Regular Certificate other than any qualified stated interest payments. Under the OID Regulations, qualified stated interest generally means interest payable at a single fixed rate or a qualified variable rate, *provided* that such interest payments are unconditionally payable at intervals of one year or less during the entire term of the obligation. Because there is no penalty or default remedy in the case of nonpayment of interest with respect to a Regular Certificate, it is possible that no interest on any class of Regular Certificates will be treated as qualified stated interest. However, because the underlying mortgage loans provide for remedies in the event of default, it is anticipated, unless required otherwise by applicable Treasury regulations, that the certificate administrator will treat all payments of stated interest on the Regular Certificates (other than the class X certificates) as qualified stated interest. Based on the foregoing, it is anticipated that the Upper-Tier REMIC Regular Interest represented by the class A certificates will not be issued with OID.

It is anticipated that the certificate administrator will treat the Upper-Tier REMIC Regular Interest represented by the class X certificates as having no qualified stated interest. Accordingly, the Upper Tier REMIC Regular Interest represented by the class X certificates will be considered to be issued with OID in amounts equal to the excess of all distributions of interest expected to be received on such certificates (without regard to the payment of Additional Interest Distribution Amounts) over their issue price (including accrued interest). Any "negative" amounts of OID on such class attributable to rapid prepayments with respect to the underlying mortgage loans will not be deductible currently. A Holder of the class X certificates may be entitled to a loss deduction, which may be a capital loss, to the extent it becomes certain that such Holder will not recover a portion of its basis in the related Upper-Tier REMIC Regular Interest, assuming no further prepayments. In the alternative, it is possible that rules similar to the "noncontingent bond method" of the contingent interest rules of the OID Regulations may be promulgated with respect to the class X certificates. Unless and until required otherwise by applicable authority, it is not anticipated that the contingent interest rules will apply.

Under a *de minimis* rule, OID on a Regular Certificate will be considered to be zero if such OID is less than 0.2500% of the stated redemption price at maturity of the Regular Certificate multiplied by the weighted average maturity of the Regular Certificate. For this purpose, the weighted average maturity is computed as the sum of the amounts determined by multiplying the number of full years (*i.e.*, rounding down partial years) from the Closing Date until each distribution scheduled to be made by a fraction, the numerator of which is the amount of each distribution included in the stated redemption price at maturity of the Regular Certificate and the denominator of which is the stated redemption price at maturity of the Regular Certificate. The Conference Committee Report to the 1986 Act provides that the schedule of such distributions should be determined in accordance with the assumed rate of prepayment of the underlying mortgage loans, *i.e.*, no prepayments and no extensions (the "Prepayment Assumption"). Holders generally must report *de minimis* OID *pro rata* as principal payments are received, and such income will be capital gain if the Regular Certificate is held as a capital asset. However, under the OID Regulations, Certificateholders may elect to accrue all *de minimis* OID as well as market discount and premium under the constant yield method. See "—Election To Treat All Interest Under the Constant Yield Method" below.

The holder of a Regular Certificate issued with OID generally must include in gross income for any taxable year the sum of the "daily portions," as defined below, of the OID on the Regular Certificate accrued during an accrual period for each day on which it holds the Regular Certificate, including the date of purchase but excluding the date of disposition. With respect to each such Regular Certificate, a calculation will be made of the OID that accrues during each successive full accrual period that ends on the day prior to each distribution date with respect to the Regular Certificate. The OID accruing in a full accrual period will be the excess, if any, of (i) the sum of (a) the present value of all of the remaining distributions to be made on the Regular Certificate as of the end of that accrual period based on the Prepayment Assumption and (b) the distributions made on the Regular Certificate during the

accrual period that are included in the Regular Certificate's stated redemption price at maturity, over (ii) the adjusted issue price of the Regular Certificate at the beginning of the accrual period. The present value of the remaining distributions referred to in the preceding sentence is calculated based on (i) the yield to maturity of the Regular Certificate as of the Startup Day, (ii) events (including actual prepayments) that have occurred prior to the end of the accrual period, (iii) the assumption that the value of LIBOR used to compute the initial pass-through rate of the Regular Certificate does not change thereafter and (iv) the assumption that the remaining payments will be made in accordance with the original Prepayment Assumption. For these purposes, the adjusted issue price of a Regular Certificate at the beginning of any accrual period equals the issue price of the Regular Certificate, increased by the aggregate amount of OID with respect to the Regular Certificate that accrued in all prior accrual periods and reduced by the amount of distributions included in the Regular Certificate's stated redemption price at maturity that were made on the Regular Certificate that were attributable to such prior periods. The OID accruing during any accrual period (as determined in this paragraph) will then be divided by the number of days in the period to determine the daily portion of OID for each day in the period. The OID allocable to the short first accrual period will be computed based on the exact method.

Under the method described above, the daily portions of OID required to be included as ordinary income by a Certificateholder generally will increase to take into account prepayments on the related Regular Certificates as a result of prepayments on the underlying mortgage loans. Due to the unique nature of interest-only REMIC regular interests, the preceding sentence may not apply in the case of the class X certificates.

Acquisition Premium. A purchaser of a Regular Certificate at a price greater than its adjusted issue price and less than its remaining stated redemption price at maturity will be required to include in gross income the daily portions of the OID on the Regular Certificate reduced *pro rata* by a fraction, the numerator of which is the excess of its purchase price over such adjusted issue price and the denominator of which is the excess of the remaining stated redemption price at maturity over the adjusted issue price. Alternatively, such a purchaser may elect to treat all such acquisition premium under the constant yield method, as described below under the heading “—Election To Treat All Interest Under the Constant Yield Method” below.

Market Discount. A purchaser of a Regular Certificate also may be subject to the market discount rules of Code Sections 1276 through 1278. Under these Code sections and the principles applied by the OID Regulations in the context of OID, “market discount” is the amount by which the purchaser's original basis in the Regular Certificate (i) is exceeded by the remaining outstanding principal payments and non-qualified stated interest payments due on a Regular Certificate, or (ii) in the case of a Regular Certificate having OID, is exceeded by the adjusted issue price of such Regular Certificate at the time of purchase. Such purchaser generally will be required to recognize ordinary income to the extent of accrued market discount on such Regular Certificate as distributions includible in the stated redemption price at maturity of such Regular Certificate are received, in an amount not exceeding any such distribution. Such market discount would accrue in a manner to be provided in Treasury regulations and should take into account the Prepayment Assumption. The Conference Committee Report to the 1986 Act provides that until such regulations are issued, such market discount would accrue, at the election of the Certificateholder, either (i) on the basis of a constant interest rate or (ii) in the ratio of interest accrued for the relevant period to the sum of the interest accrued for such period plus the remaining interest after the end of such period, or, in the case of classes issued with OID, in the ratio of OID accrued for the relevant period to the sum of the OID accrued for such period plus the remaining OID after the end of such period. Such purchaser also generally will be required to treat a portion of any gain on a sale or exchange of the Regular Certificate as ordinary income to the extent of the market discount accrued to the date of disposition under one of the foregoing methods, less any accrued market discount previously reported as ordinary income as partial distributions in reduction of the stated redemption price at maturity were received. Such purchaser will be required to defer deduction of a portion of the excess of the interest paid or accrued on indebtedness incurred to purchase or carry the Regular Certificate over the interest (including OID) distributable on such Regular Certificate. The deferred portion of such interest expense in any taxable year generally will not exceed the accrued market discount on the Regular Certificate for such year. Any such deferred interest expense is, in general, allowed as a deduction not later than the year in which the related market discount income is recognized or the Regular Certificate is disposed of. As an alternative to the inclusion of market discount in income on the foregoing basis, the Certificateholder may elect to include market discount in income currently as it accrues on all market discount instruments acquired by such Certificateholder in that taxable year or thereafter, in which case the interest deferral rule will not apply. See “—Election To Treat All Interest Under the Constant Yield Method” below regarding an alternative manner in which such election may be deemed to be made.

Market discount with respect to a Regular Certificate will be considered to be zero if such market discount is less than 0.2500% of the remaining stated redemption price at maturity of such Regular Certificate multiplied by the weighted average maturity of the Regular Certificate remaining after the date of purchase. For this purpose, the weighted average maturity is determined by multiplying the number of full years (*i.e.*, rounding down partial years) from the Closing Date until each distribution in reduction of stated redemption price at maturity is scheduled to be made by a fraction, the numerator of which is the amount of each such distribution included in the stated redemption price at maturity of the Regular Certificate and the denominator of which is the total stated redemption price at maturity of the Regular Certificate. It appears that *de minimis* market discount would be reported *pro rata* as principal payments are received. Treasury regulations implementing the market discount rules have not yet been issued, and investors should therefore consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect to any market discount. Investors should also consult Revenue Procedure 92-67 concerning the elections to include market discount in income currently and to accrue market discount on the basis of the constant yield method.

Premium. A Regular Certificate purchased upon initial issuance or in the secondary market at a cost greater than its remaining stated redemption price at maturity generally is considered to be purchased at a premium. If the Certificateholder holds such Regular Certificate as a “capital asset” within the meaning of Code Section 1221, the Certificateholder may elect under Code Section 171 to amortize such premium under the constant yield method. Final Treasury regulations under Code Section 171 do not, by their terms, apply to prepayable obligations such as the Regular Certificates. However, the Conference Committee Report to the 1986 Act indicates a Congressional intent that the same rules that will apply to the accrual of market discount on installment obligations will also apply to amortizing bond premium under Code Section 171 on installment obligations such as the Regular Certificates, although it is unclear whether the alternatives to the constant interest method described above under “—Market Discount” are available. Amortizable bond premium will be treated as an offset to interest income on a Regular Certificate rather than as a separate deduction item. See “—Election To Treat All Interest Under the Constant Yield Method” below regarding an alternative manner in which the Code Section 171 election may be deemed to be made. Based on the foregoing, it is anticipated that the Upper-Tier REMIC Regular Interest represented by the class A certificates will not be issued at a premium. Because the stated redemption price at maturity of the class X certificates will include all anticipated distributions of interest on such class, it is unlikely that such class could be purchased at a premium.

Election To Treat All Interest Under the Constant Yield Method. A Holder of a debt instrument such as a Regular Certificate may elect to treat all interest that accrues on the instrument using the constant yield method, with none of the interest being treated as qualified stated interest. For purposes of applying the constant yield method to a debt instrument subject to such an election, (i) “interest” includes stated interest, OID, *de minimis* OID, market discount and *de minimis* market discount, as adjusted by any amortizable bond premium or acquisition premium and (ii) the debt instrument is treated as if the instrument were issued on the Holder’s acquisition date in the amount of the Holder’s adjusted basis immediately after acquisition. A Holder generally may make such an election on an instrument-by-instrument basis or for a class or group of debt instruments. However, if the Holder makes such an election with respect to a debt instrument with amortizable bond premium or with market discount, the Holder is deemed to have made elections to amortize bond premium or to report market discount income currently as it accrues under the constant yield method, respectively, for all premium bonds held or acquired or market discount bonds acquired by the Holder on the first day of the taxable year of the election or thereafter. The election is made on the Holder’s federal income tax return for the year in which the debt instrument is acquired and is irrevocable except with the approval of the IRS. Investors should consult their own tax advisors regarding the advisability of making such an election.

Treatment of Losses. Holders of the Regular Certificates will be required to report income with respect to them on the accrual method of accounting, without giving effect to delays or reductions in distributions attributable to a default or delinquency on the underlying mortgage loan, except to the extent it can be established that such losses are uncollectible. Accordingly, the Holder of a Regular Certificate may have income, or may incur a diminution in cash flow as a result of a default or delinquency, but may not be able to take a deduction (subject to the discussion below) for the corresponding loss until a subsequent taxable year. In this regard, investors are cautioned that while they generally may cease to accrue interest income if it reasonably appears that the interest will be uncollectible, the IRS may take the position that OID must continue to be accrued in spite of its uncollectibility until the debt instrument is disposed of in a taxable transaction or becomes worthless in accordance with the rules of Code Section

166. Under Code Section 166, other than with respect to Holders of the class X certificates, Certificateholders that are corporations or that otherwise hold the Regular Certificates in connection with a trade or business should in general be allowed to deduct as an ordinary loss any such loss sustained during the taxable year on account of any such Regular Certificates becoming wholly or partially worthless, and, in general, Certificateholders that are not corporations and do not hold the Regular Certificates in connection with a trade or business will be allowed to deduct as a short-term capital loss any loss with respect to principal sustained during the taxable year on account of a portion of any class of such Regular Certificates becoming wholly worthless. Although the matter is not free from doubt, such non-corporate Certificateholders should be allowed a bad debt deduction at such time as the outstanding principal balance of any class of such Regular Certificates is reduced to reflect losses resulting from liquidation of the related underlying mortgage loan to the extent the outstanding principal balance of such Regular Certificate is reduced below the Certificateholder's basis in such Regular Certificate. Notwithstanding the foregoing, Holders of class X certificates may not be entitled to a bad debt loss under Code Section 166. The IRS could also assert that losses on a class of Regular Certificates are deductible based on some other method, such as reducing future cash flow for purposes of computing OID. This may have the effect of creating "negative" OID which, with the possible exception of the method discussed in the following sentence, would be deductible only against future positive OID or otherwise upon termination of the applicable class. Although not free from doubt, a Certificateholder with negative OID may be entitled to deduct a loss to the extent that its remaining basis would exceed the maximum amount of future payments to which such Holder was entitled, assuming no further prepayments. Certificateholders are urged to consult their own tax advisors regarding the appropriate timing, amount and character of any loss sustained with respect to such Regular Certificates. Special loss rules are applicable to banks and thrift institutions, including rules regarding reserves for bad debts. Such taxpayers are advised to consult their tax advisors regarding the treatment of losses on the Regular Certificates.

Sale or Exchange of Regular Certificates. If a Certificateholder sells or exchanges a Regular Certificate, the Certificateholder will recognize gain or loss equal to the difference, if any, between the amount received and its adjusted basis in the related Upper-Tier REMIC Regular Interest (in the case of (i) a class B or C certificate, allocated based on the relative fair market values of the related Upper-Tier REMIC Regular Interest and the related Basis Risk Contract, and (ii) the class X certificates, inclusive of the unamortized value of the right to receive premiums for the Basis Risk Contracts). The adjusted basis of a related Upper-Tier REMIC Regular Interest generally will equal the cost of the related Regular Certificate to the seller allocable to such Upper-Tier REMIC Regular Interest, increased by any OID or market discount previously included in the seller's gross income with respect to the Regular Certificate and reduced by amounts included in the stated redemption price at maturity of the Regular Certificate that were previously received by the seller, by any amortized premium, and by any deductible losses on such Regular Certificate.

Except as described above with respect to market discount, and except as provided in this paragraph, any gain or loss on the sale or exchange of a Regular Certificate realized by an investor who holds the Regular Certificate as a capital asset will be capital gain or loss and will be long-term or short-term depending on whether the Regular Certificate has been held for the long-term capital gain holding period (currently more than one year). Such gain will be treated as ordinary income (i) if the Regular Certificate is held as part of a "conversion transaction" as defined in Code Section 1258(c), up to the amount of interest that would have accrued on the Certificateholder's net investment in the conversion transaction at 120% of the appropriate applicable Federal rate under Code Section 1274(d) in effect at the time the taxpayer entered into the transaction minus any amount previously treated as ordinary income with respect to any prior disposition of property that was held as part of such transaction, (ii) in the case of a noncorporate taxpayer, to the extent such taxpayer has made an election under Code Section 163(d)(4) to have net capital gains taxed as investment income at ordinary income rates, or (iii) to the extent that such gain does not exceed the excess, if any, of (a) the amount that would have been includible in the gross income of the Holder if his yield on such Regular Certificate were 110% of the applicable federal rate as of the date of purchase, over (b) the amount of income actually includible in the gross income of such Holder with respect to the Regular Certificate. In addition, gain or loss recognized from the sale of a Regular Certificate by certain banks or thrift institutions will be treated as ordinary income or loss pursuant to Code Section 582(c). Long-term capital gains of individuals are taxed at a lower rate than ordinary income and short-term capital gains. Tax rates of corporations are the same for capital gains and ordinary income, but their capital losses may be offset only against capital gains.

Taxation of the Basis Risk Contracts

Each Holder of a class B or C certificate will be treated for federal income tax purposes as having entered into its proportionate share of the rights of such class under the related Basis Risk Contract. Each Holder of a class X certificate will also be deemed to have entered into the obligation to make payments under the Basis Risk Contracts. The Basis Risk Contracts will be treated as notional principal contracts under applicable Treasury regulations, beneficially owned by the Holders of the class B and C certificates through the Grantor Trust.

The Holders of the class B and C certificates must allocate the price they pay for their Certificates between their interests in the related Upper-Tier REMIC Regular Interest and the related Basis Risk Contract based on their relative fair market values. The portion, if any, allocated to the related Basis Risk Contract will be treated as a cap premium (“Cap Premium”) paid by the Holders of the class B and C certificates. Each such Cap Premium will reduce the purchase price allocable to the related Regular Certificate. In the case of the class X certificates, any Cap Premium deemed received with respect to the obligation to make payments under the Basis Risk Contracts will be treated as Cap Premiums received and will increase the purchase price of the Upper-Tier REMIC Regular Interest owned by the holder of the class X certificates. The initial amounts of such Cap Premiums will be furnished by the depositor to the trustee for federal income tax reporting purposes, but such amounts may differ for purchasers after the initial issuance of the class B and C certificates. A Holder of a class B or C certificate or a class X certificate will be required to amortize any Cap Premium under a level payment method as if the Cap Premium represented the present value of a series of equal payments made (or in the case of the class X certificates, received) over the life of the related Basis Risk Contract (adjusted to take into account decreases in notional principal amount), discounted at a rate equal to the rate used to determine the amount of the Cap Premium (or some other reasonable rate). Prospective purchasers of class B, C or X certificates should consult their own tax advisors regarding the appropriate method of amortizing any related Cap Premium. Treasury regulations treat a non-periodic payment made under a cap contract as a loan for federal income tax purposes if the payment is “significant”. It is not anticipated that any Cap Premium would be treated in part as a loan under Treasury regulations.

Under Treasury regulations (i) all taxpayers must recognize periodic payments with respect to a notional principal contract under the accrual method of accounting, and (ii) any periodic payments received under the Basis Risk Contracts (or made, in the case of the class X certificates,) must be netted against payments deemed made to the related counterparty (or deemed received, in the case of the class X certificates) as a result of the related Cap Premium over the recipient’s taxable year, rather than accounted for on a gross basis. Net income or deduction with respect to net payments under a notional principal contract for a taxable year should constitute ordinary income or ordinary deduction. The IRS could contend the amount is capital gain or loss, but such treatment is unlikely, at least in the absence of further regulations. Any regulations requiring capital gain or loss treatment presumably would apply only prospectively. Individuals, trusts and estates may be limited in their ability to deduct any such net deduction and should consult their tax advisors prior to investing in the class B or C certificates.

Any amount of proceeds from the sale, redemption or retirement of a class B or C certificate that is considered to be allocated to the Holder’s rights under the related Basis Risk Contract would be considered a “termination payment” allocable to that Certificate under Treasury regulations. A Holder of a class B or C certificate will have gain or loss from such a termination equal to (i) any termination payment it received or is deemed to have received minus (ii) the unamortized portion of any Cap Premium paid (or deemed paid) by the Holder of a class B or C certificate or (iii) plus the unamortized portion of any Cap Premium received (or deemed received) by the Holder of a class X certificate upon entering into or acquiring its interest in the related notional principal contract. Gain or loss realized upon the termination of a Basis Risk Contract will generally be treated as capital gain or loss. Moreover, in the case of the bank or thrift institution, Code Section 582(c) would likely not apply to treat such gain or loss as ordinary.

The class B and C certificates, representing a beneficial ownership in the related Upper-Tier REMIC Regular Interest and the related Basis Risk Contracts, may constitute positions in a straddle, in which case the straddle rules of Code Section 1092 would apply. A selling Holder’s capital gain or loss with respect to such Upper-Tier REMIC Regular Interest would be short term because the holding period would be tolled under the straddle rules. Similarly, capital gain or loss realized in connection with the termination of the related Basis Risk Contract would be short term. If the Holder of a class B or C certificate incurred or continued to incur indebtedness to acquire or hold such certificate, the Holder would generally be required to capitalize a portion of the interest paid on such indebtedness until termination of the related Basis Risk Contract.

Taxation of Static Prepayment Premiums

Any Static Prepayment Premiums actually collected on the underlying mortgage loans will be paid to the class X certificates as and to the extent described in this information circular. It is not entirely clear under the Code when the amount of Static Prepayment Premiums should be taxed to the holder entitled to that amount. For federal income tax reporting purposes, the trustee will report the applicable Static Prepayment Premiums as income to the holders of the class X certificates entitled to such amounts only after the master servicer's actual receipt of those amounts. The IRS may nevertheless seek to require that an assumed amount of such Static Prepayment Premiums be included in payments projected to be made on the class X certificates and that the taxable income be reported based on a projected constant yield to maturity. Therefore, the projected Static Prepayment Premiums would be included prior to their actual receipt by holders of the class X certificates. If the projected Static Prepayment Premiums were not actually received, presumably the holder of a class X certificate would be allowed to claim a deduction or reduction in gross income at the time the unpaid Static Prepayment Premiums had been projected to be received. Moreover, it appears that Static Prepayment Premiums are to be treated as ordinary income rather than capital gain. However, the correct characterization of the income is not entirely clear. We recommend that holders of class X certificates consult their own tax advisors concerning the treatment of Static Prepayment Premiums.

Taxes That May Be Imposed on a REMIC

Prohibited Transactions. Income from certain transactions by a REMIC, called "prohibited transactions," will not be part of the calculation of income or loss includible in the federal income tax, but rather will be taxed directly to the REMIC at a 100% rate. Prohibited transactions generally include (i) the disposition of a qualified mortgage other than for (a) substitution within two years of the Startup Day for a defective (including a defaulted) obligation (or repurchase in lieu of substitution of a defective (including a defaulted) obligation at any time) or for any qualified mortgage within three months of the Startup Day, (b) foreclosure, default, or imminent default of a qualified mortgage, (c) bankruptcy or insolvency of the REMIC, or (d) a qualified (complete) liquidation, (ii) the receipt of income from assets that are not the type of mortgages or investments that the REMIC is permitted to hold, (iii) the receipt of compensation for services, or (iv) the receipt of gain from disposition of cash flow investments other than pursuant to a qualified liquidation. Notwithstanding (i) and (iv), it is not a prohibited transaction to sell REMIC property to prevent a default on regular interests as a result of a default on qualified mortgages or to facilitate a qualified liquidation or a clean-up call. The REMIC Regulations indicate that the modification of a mortgage loan generally will not be treated as a disposition if it is occasioned by a default or reasonably foreseeable default, an assumption of a mortgage loan, or the waiver of a due-on-sale or due-on encumbrance clause. It is not anticipated that either of the Trust REMICs will engage in any prohibited transactions.

Contributions to a REMIC After the Startup Day. In general, a REMIC will be subject to a tax at a 100% rate on the value of any property contributed to the REMIC after the Startup Day. Exceptions are provided for cash contributions to the REMIC (i) during the three months following the Startup Day, (ii) made to a qualified reserve fund by a holder of a residual interest, (iii) in the nature of a guarantee, (iv) made to facilitate a qualified liquidation or clean-up call, and (v) as otherwise permitted in Treasury regulations yet to be issued. It is not anticipated that there will be any taxable contributions to either of the Trust REMICs.

Net Income from Foreclosure Property. The Lower-Tier REMIC will be subject to federal income tax at the highest corporate rate on "net income from foreclosure property," determined by reference to the rules applicable to real estate investment trusts. Generally, property acquired by foreclosure or deed-in-lieu of foreclosure would be treated as "foreclosure property" until the close of the third calendar year beginning after the Lower-Tier REMIC's acquisition of a mortgaged real property, with a possible extension. Net income from foreclosure property generally means gain from the sale of a foreclosure property that is inventory property and gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust.

In order for a mortgaged real property to qualify as foreclosure property, any operation of the mortgaged real property by the Lower-Tier REMIC generally must be conducted through an independent contractor. Further, such operation, even if conducted through an independent contractor, may give rise to "net any income from foreclosure property," taxable at the highest corporate rate. Payment of such tax by the Lower-Tier REMIC would reduce amounts available for distribution to Certificateholders.

The special servicer is required to determine generally that the operation of foreclosure property in a manner that would subject the Lower-Tier REMIC to such tax would be expected to result in higher after-tax proceeds than an alternative method of operating such property that would not subject the Lower-Tier REMIC to such tax.

Taxation of Certain Foreign Investors

General. Interest, including OID, distributable to beneficial owners of Regular Certificates who are nonresident aliens, foreign corporations, or other non-U.S. Persons (*i.e.*, any person who is not a “U.S. Person,” as defined in the next paragraph), will be considered “portfolio interest” and, therefore, generally will not be subject to 30% United States withholding tax, *provided* that such non-U.S. Person (i) is not a “10-percent shareholder” within the meaning of Code Section 871(h)(3)(B), or a controlled foreign corporation described in Code Section 881(c)(3)(C) related to, a REMIC (or possibly one or more borrowers) and (ii) provides the certificate administrator, or the person who would otherwise be required to withhold tax from such distributions under Code Section 1441 or 1442, with an appropriate statement, signed under penalties of perjury, identifying the beneficial owner and stating, among other things, that the beneficial owner of the Regular Certificate is a non-U.S. Person. The appropriate documentation includes IRS Form W-8BEN, if the non-U.S. Person is a corporation or individual eligible for the benefits of the portfolio interest exemption or an exemption based on a treaty; IRS Form W-8ECI if the non-U.S. Person is eligible for an exemption on the basis of its income from the Regular Certificate being effectively connected to a United States trade or business; IRS Form W-8BEN or IRS Form W-8IMY if the non-U.S. Person is a trust, depending on whether such trust is classified as the beneficial owner of the Regular Certificate; and IRS Form W-8IMY, with supporting documentation as is specified in the Treasury Regulations, required to substantiate exemptions from withholding on behalf of its partners, if the non-U.S. Person is a partnership. An intermediary (other than a partnership) must provide IRS Form W-8IMY, revealing all required information, including its name, address, taxpayer identification number, the country under the laws of which it is created, and certification that it is not acting for its own account. A “qualified intermediary” must certify that it has provided, or will provide, a withholding statement as required under Treasury Regulations Section 1.1441-1(e)(5)(v), but need not disclose the identity of its account holders on its IRS Form W-8IMY, and may certify its account holders’ status without including each beneficial owner’s certification. A “non-qualified intermediary” must additionally certify that it has provided, or will provide, a withholding statement that is associated with the appropriate IRS Forms W-8 and W-9 required to substantiate exemptions from withholding on behalf of its beneficial owners. The term “intermediary” means a person acting as a custodian, a broker, nominee or otherwise as an agent for the beneficial owner of a Regular Certificate. A “qualified intermediary” is generally a foreign financial institution or clearing organization or a non-U.S. branch or office of a U.S. financial institution or clearing organization that is a party to a withholding agreement with the IRS.

If such statement, or any other required statement, is not provided, 30% withholding will apply unless interest on the Regular Certificate is effectively connected with the conduct of a trade or business within the United States by such non-U.S. Person. In that case, such non-U.S. Person will be subject to United States federal income tax at regular rates. The term “U.S. Person” means a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States, any State in the United States or the District of Columbia, including an entity treated as a corporation or partnership for federal income tax purposes, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of such trust, and one more such U.S. Persons have the authority to control all substantial decisions of such trust (or, to the extent provided in applicable Treasury regulations, certain trusts in existence on August 20, 1996 that have elected to be treated as U.S. Persons).

3.8% Medicare Tax on “Net Investment Income”

Certain non-corporate U.S. Persons will be subject to an additional 3.8% tax on all or a portion of their “net investment income,” which may include the interest payments and any gain realized with respect to the Regular Certificates, to the extent of their net investment income that, when added to their other modified adjusted gross income, exceeds \$200,000 for an unmarried individual, \$250,000 for a married taxpayer filing a joint return (or a surviving spouse), or \$125,000 for a married individual filing a separate return. The 3.8% Medicare tax is determined in a different manner than the regular income tax. U.S. Persons should consult their tax advisors with respect to their consequences with respect to the 3.8% Medicare tax.

Backup Withholding

Distributions made on the Regular Certificates, and proceeds from the sale of the Regular Certificates to or through certain brokers may be subject to a “backup” withholding tax under Code Section 3406 at the current rate of 28% on “reportable payments” (including interest distributions, OID, and, under certain circumstances, principal distributions) unless the Certificateholder is a U.S. Person and provides IRS Form W-9 with the correct taxpayer identification number; is a non-U.S. Person and provides IRS Form W-8BEN identifying the non-U.S. Person and stating that the beneficial owner is not a U.S. Person; or can be treated as an exempt recipient within the meaning of Treasury Regulations Section 1.6049-4(c)(1)(ii). Any amounts withheld from distribution on the Regular Certificates would be refunded by the IRS or allowed as a credit against the Certificateholder’s federal income tax liability. Information reporting requirements may also apply regardless of whether withholding is required. Investors are urged to contact their own tax advisors regarding the application to them of backup withholding and information reporting.

Reporting and Administrative Requirements

Each Trust REMIC will be required to maintain its books on a calendar year basis and to file federal income tax returns in a manner similar to a partnership. The form for such returns is Form 1066, U.S. Real Estate Mortgage Investment Conduit Income (REMIC) Tax Return. The certificate administrator will be required to prepare, and the Trustee will be required to sign, each REMIC’s returns.

Reports of accrued interest, OID, if any, and information necessary to compute the accrual of any market discount on the Regular Certificates will be made annually to the IRS and to individuals, estates, non-exempt and non-charitable trusts, and partnerships who are either Holders of record of Regular Certificates or beneficial owners who own Regular Certificates through a broker or middleman as nominee. All brokers, nominees and all other non-exempt Holders of record of Regular Certificates (including corporations, non-calendar year taxpayers, securities or commodities dealers, real estate investment trusts, investment companies, common trust funds, thrift institutions and charitable trusts) may request such information for any calendar quarter by telephone or in writing by contacting the person designated in IRS Publication 938 with respect to the related REMIC. Holders through nominees must request such information from the nominee.

Treasury regulations require that information be furnished annually to Holders of Regular Certificates and filed annually with the IRS concerning the percentage of each Trust REMIC’s assets meeting the qualified asset tests described above under “—Status of Regular Certificates.”

Treasury regulations require the Certificate Administrator to file an annual information return with the IRS and to furnish to holders of the Regular Certificates their respective shares of income and expenses with respect to their interests in the Grantor Trust.

The IRS has published final regulations that establish a reporting framework for interests in “widely held fixed investment trusts” and place the responsibility of reporting on the person in the ownership chain who holds an interest for a beneficial owner. A widely-held fixed investment trust is defined as an arrangement classified as an “investment trust” under Treasury Regulations Section 301.7701-4(c), in which any interest is held by a middleman, which includes, but is not limited to (i) a custodian of a person’s account, (ii) a nominee and (iii) a broker holding an interest for a customer in street name.

Under these regulations, the certificate administrator will be required to file IRS Form 1099 (or any successor form) with the IRS with respect to holders of the Regular Certificates who are not “exempt recipients” (a term that includes corporations, trusts, securities dealers, middlemen and certain other non-individuals) and do not hold such Regular Certificates through a middleman, to report the trust’s gross income and, in certain circumstances, unless the certificate administrator reports under the safe harbor as described in the last sentence of this paragraph, if any trust assets were disposed of or certificates are sold in secondary market sales, the portion of the gross proceeds relating to the trust assets that are attributable to such Certificateholder. The same requirements would be imposed on middlemen holding such Regular Certificates on behalf of the related Certificateholders. Under certain circumstances, the certificate administrator may report under the safe harbor for widely-held mortgage trusts, as such term is defined under Treasury Regulations Section 1.671-5.

These regulations also require that the certificate administrator make available information regarding interest income and information necessary to compute any original issue discount to (i) exempt recipients (including middlemen) and non-calendar year taxpayers, upon request, in accordance with the requirements of the regulations and (ii) applicable Certificateholders who do not hold their certificates through a middleman. The information must be provided to parties specified in clause (i) on or before the later of the 44th day after the close of the calendar year to which the request relates and 28 days after the receipt of the request. The information must be provided to parties specified in clause (ii) on or before March 15 of the calendar year following the year for which the statement is being furnished.

DUE TO THE COMPLEXITY OF THESE RULES AND THE CURRENT UNCERTAINTY AS TO THE MANNER OF THEIR APPLICATION TO THE ISSUING ENTITY AND CERTIFICATEHOLDERS, IT IS PARTICULARLY IMPORTANT THAT POTENTIAL INVESTORS CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX TREATMENT OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES.

STATE AND OTHER TAX CONSIDERATIONS

In addition to the federal income tax consequences described in “Certain Federal Income Tax Consequences,” potential investors should consider the state, local and other income tax consequences of the acquisition, ownership, and disposition of the certificates. State and local income tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state, local or other jurisdiction. Therefore, potential investors should consult their own tax advisors with respect to the various tax consequences of investments in the certificates.

USE OF PROCEEDS

We will use the net proceeds from the sale of the offered certificates to pay part of the purchase price of the underlying mortgage loans.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of a certificate purchase agreement, we have agreed to sell to Freddie Mac the offered certificates and Freddie Mac has agreed to purchase the offered certificates from us. Freddie Mac intends to include the offered certificates in pass-through pools that it will form for its Series K-S02 SPCs.

LEGAL MATTERS

The validity of the offered certificates and certain federal income tax matters will be passed upon for us by Cadwalader, Wickersham & Taft LLP, New York, New York. Cadwalader, Wickersham & Taft LLP also regularly provides legal representation to Freddie Mac.

GLOSSARY

The following capitalized terms will have the respective meanings assigned to them in this “Glossary” section whenever they are used in this information circular, including in any of the exhibits to this information circular.

“Accepted Servicing Practices” means servicing and administering the underlying mortgage loans and/or REO Properties:

- (i) in the same manner in which, and with the same care, skill, prudence and diligence with which the master servicer or special servicer, as the case may be, services and administers similar mortgage loans for other third party portfolios, giving due consideration to the customary and usual standards of practice of prudent institutional commercial and multifamily mortgage loan servicers servicing mortgage loans for third parties, which includes for purposes of this clause (i), the standards of practice of Freddie Mac with respect to servicing of its own mortgage loans as opposed to servicing of third-party loans and (ii) with the same care, skill, prudence and diligence with which the master servicer or special servicer, as the case may be, services and administers commercial and multifamily mortgage loans owned by it, whichever is higher;
- with a view to the timely collection of all scheduled payments of principal and interest under the serviced underlying mortgage loans and, in the case of the special servicer, if a serviced underlying mortgage loan comes into and continues in default and if, in the judgment of the special servicer, no satisfactory arrangements can be made for the collection of the delinquent payments, the maximization of the recovery on that underlying mortgage loan to the series 2014-KS02 certificateholders (as a collective whole), on a net present value basis; but
- without regard to—
 - (i) any relationship that the master servicer or special servicer, as the case may be, or any of their affiliates may have with the related borrower, the mortgage loan seller or any other party to the series 2014-KS02 pooling and servicing agreement,
 - (ii) the ownership of any series 2014-KS02 certificate or any subordinate debt by the master servicer or special servicer, as the case may be, or by any of their affiliates,
 - (iii) the master servicer’s obligation to make advances,
 - (iv) the special servicer’s obligation to request that the master servicer make Servicing Advances,
 - (v) the right of the master servicer or the special servicer, as the case may be, or any of their affiliates, to receive reimbursement of costs, or the sufficiency of any compensation payable to it, or with respect to any particular transaction,
 - (vi) any potential conflict of interest arising from the ownership, servicing or management for others of any other mortgage loans or mortgaged real properties by the master servicer or special servicer, as the case may be, or any affiliate of the master servicer or special servicer, as applicable,
 - (vii) any obligation of the master servicer (in its capacity as a mortgage loan originator, if applicable) to cure a breach of a representation or warranty or repurchase the underlying mortgage loan,
 - (viii) any debt extended to the borrower or any of its affiliates by the master servicer or special servicer, as the case may be, or any of their affiliates, or
 - (ix) the right of the master servicer or the special servicer, as the case may be, to exercise any purchase option as described in “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular.

Unless otherwise specified in the series 2014-KS02 pooling and servicing agreement, all net present value calculations and determinations made pursuant to the series 2014-KS02 pooling and servicing agreement with respect to the underlying mortgage loans or a mortgaged real property or REO Property (including for purposes of the definition of “Servicing Standard”) will be made in accordance with the loan documents or, in the event the loan documents are silent, using a discount rate appropriate for the type of cash flows being discounted, namely (a) for principal and interest payments on an underlying mortgage loan or the sale of a defaulted underlying mortgage loan, the applicable mortgage interest rate and (b) for all other cash flows, including property cash flow, the “discount rate” set forth in the most recent related appraisal (or update of such appraisal).

“Actual/360 Basis” means the accrual of interest based on the actual number of days elapsed during each one-month accrual period in a year assumed to consist of 360 days.

“Additional Interest Accrual Amount” means, with respect to any distribution date and the class B or C certificates, the amount, if any, by which interest on the principal balance of such class for the related Interest Accrual Period calculated at a rate of LIBOR plus the specified margin for such class exceeds the amount of interest accrued on the principal balance of such class at the Weighted Average Net Mortgage Pass-Through Rate for the related Interest Accrual Period minus the CREFC[®] Intellectual Property Royalty License Fee Rate.

“Additional Interest Distribution Amount” means, with respect to any distribution date and the class B or C certificates, an amount equal to the lesser of (x) the Additional Interest Accrual Amount with respect to such class and (y) the amount of the Aggregate Additional Interest Distribution Amount, if any, remaining after distributing Additional Interest Accrual Amounts to all classes entitled to Additional Interest Accrual Amounts on such distribution date that are more senior to such class in right of payment.

“Additional Interest Shortfall Amount” means, with respect to any distribution date and the class B or C certificates, an amount equal to the aggregate amount of any Additional Interest Distribution Amounts for all prior distribution dates that was not distributed on such class on such prior distribution dates and remain unpaid immediately prior to the current distribution date.

“Additional Issuing Entity Expense” means an expense (other than, master servicing fees, sub-servicing fees, certificate administrator fees, trustee fees and CREFC[®] Intellectual Property Royalty License Fees) of the issuing entity that—

- arises out of a default on an underlying mortgage loan or an otherwise unanticipated event affecting the issuing entity, whether or not related to a particular underlying mortgage loan;
- is not covered by a Servicing Advance, a corresponding collection from the related borrower or indemnification from another person; and
- to the extent that it is allocable to a particular underlying mortgage loan, is not covered by late payment charges or Default Interest collected on that mortgage loan.

We provide some examples of Additional Issuing Entity Expenses under “Description of the Series 2014-KS02 Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this information circular.

“Affiliated Borrower” means any borrower that controls, is controlled by or under common control with the series 2014-KS02 directing certificateholder. For the purposes of this definition, “control” means the power to direct the management and policies of such borrower or series 2014-KS02 directing certificateholder, as applicable, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliated Borrower Loan” means any underlying mortgage loan with an Affiliated Borrower.

“Affiliated Borrower Loan Event” means an event that will exist with respect to any underlying mortgage loan if at any time the series 2014-KS02 directing certificateholder, any of its managing members or any of its affiliates

becomes or is the related borrower or becomes aware that the series 2014-KS02 directing certificateholder, any of its managing members or any of its affiliates is an affiliate of the related borrower.

“Aggregate Annual Cap” means with respect to the master servicer and certain indemnified sub-servicers, the Master Servicer Aggregate Annual Cap; with respect to the special servicer, the Special Servicer Aggregate Annual Cap; with respect to the trustee, the Trustee Aggregate Annual Cap; with respect to the certificate administrator and the custodian, the Certificate Administrator/Custodian Aggregate Annual Cap; and with respect to the depositor, the Depositor Aggregate Annual Cap; *provided*, that if the same person or entity is the trustee and the certificate administrator/custodian, Aggregate Annual Cap will refer to the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap, and not the Trustee Aggregate Annual Cap or the Certificate Administrator/Custodian Aggregate Annual Cap.

“Aggregate Annual Cap Termination Date” means the earlier to occur of (i) the determination date in May 2023 and (ii) any determination date on which the master servicer determines that the aggregate amount of Unreimbursed Indemnification Expenses (with interest on such amounts) and other outstanding Servicing Advances (with interest on such amounts), debt service advances (with interest on such amounts), nonrecoverable advances (with interest on such amounts), Workout-Delayed Reimbursement Amounts (with interest on such amounts) and Additional Issuing Entity Expenses (excluding special servicing fees, liquidation fees and workout fees) equals or exceeds an amount equal to 50% of the outstanding principal balance of the mortgage pool on such determination date (after the application of all payments of principal and/or interest collected during the related Collection Period).

“Aggregate Additional Interest Distribution Amount” means, with respect to any distribution date, the lesser of (x) the aggregate of the Additional Interest Accrual Amounts, if any, with respect to the class B and C certificates and (y) an amount equal to the amount, not less than zero, of interest distributable in respect of the Class X Interest Accrual Amount for such distribution date minus the Class X Interest Distribution Amount.

“Appraisal Reduction Amount” means, for any distribution date and for any underlying mortgage loan as to which any Appraisal Reduction Event has occurred, subject to the discussion under “The Series 2014-KS02 Pooling and Servicing Agreement—Required Appraisals” in this information circular, an amount equal to the excess, if any, of (1) the Stated Principal Balance of the underlying mortgage loan over (2) the excess, if any, of (a) the sum of (i) 90% of the appraised value of the related mortgaged real property as determined (A) by one or more independent MAI appraisals with respect to any underlying mortgage loan with an outstanding principal balance equal to or in excess of \$2,000,000 (the costs of which will be required to be paid by the master servicer as a Servicing Advance) or (B) by an independent MAI appraisal (or an update of a prior appraisal) or an internal valuation performed by the special servicer with respect to any underlying mortgage loan with an outstanding principal balance less than \$2,000,000, in the case of either (A) or (B), as such appraisal or internal valuation may be adjusted downward by the special servicer in accordance with the Servicing Standard, without implying any duty to do so, based upon the special servicer’s review of such appraisal, internal valuation or such other information as the special servicer deems relevant, plus (ii) any letter of credit, reserve, escrow or similar amount held by the master servicer which may be applied to payments on the underlying mortgage loan over (b) the sum of (i) to the extent not previously advanced by the master servicer or the trustee, all unpaid interest on the underlying mortgage loan at a per annum rate equal to its mortgage interest rate, (ii) all unreimbursed advances in respect of the underlying mortgage loan and interest on such amounts at the Prime Rate and (iii) all currently due and unpaid real estate taxes and assessments, insurance policy premiums, ground rents and all other amounts due and unpaid with respect to the underlying mortgage loan (which taxes, assessments, premiums, ground rents and other amounts have not been subject to an advance by the master servicer or the trustee and/or for which funds have not been escrowed).

“Appraisal Reduction Event” means, with respect to any underlying mortgage loan, the earliest of any of the following events—

- 120 days after an uncured delinquency (without regard to the application of any grace period) occurs in respect of an underlying mortgage loan;
- the date on which a reduction in the amount of monthly payments on an underlying mortgage loan, or a change in any other material economic term of the underlying mortgage loan (other than an extension of its maturity for a period of six months or less), becomes effective as a result of a modification of such underlying mortgage loan by the special servicer;

- 60 days after a receiver has been appointed for the related borrower or immediately after a receiver has been appointed for the related mortgaged real property;
- 30 days after a borrower declares bankruptcy;
- 60 days after the borrower becomes the subject of an undischarged and unstayed decree or order for a bankruptcy proceeding; and
- immediately after a mortgaged real property becomes an REO Property;

provided, however, that there will be no reduction in any advance for delinquent monthly debt service payments if an Appraisal Reduction Event occurs at any time after the outstanding certificate balances of the class B and C certificates have been reduced to zero.

“Appraised Value” means, for any mortgaged real property securing an underlying mortgage loan, the “as is” value estimate reflected in the most recent appraisal obtained by or otherwise in the possession of the mortgage loan seller.

In general, the amount of costs assumed by the appraiser for these purposes is based on—

- an estimate by the individual appraiser;
- an estimate by the related borrower;
- the estimate set forth in the property condition assessment conducted in connection with the origination of the related mortgage loan; or
- a combination of these estimates.

“Asset Status Report” means the report designated as such and described under, “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this information circular.

“Assumed Final Distribution Date” means, with respect to any class of series 2014-KS02 certificates, the date set forth for such class in the table on page 5 of this information circular.

“Available Distribution Amount” means, with respect to any distribution date, amounts on deposit in the distribution account available to make distributions on the series 2014-KS02 certificates on that date, generally equal to (a) the sum of (i) the aggregate amount received on or with respect to the underlying mortgage loans and any related REO Properties on or prior to the related determination date, (ii) the aggregate amount of revenues and other proceeds derived from REO Properties (net of amounts necessary for the proper operation, management, leasing, maintenance and disposition of such REO Properties) for such distribution date, (iii) the aggregate amount of any P&I Advances, which P&I Advances will not include any master servicing fees and sub-servicing fees, made by the master servicer and/or the trustee, as applicable, for such distribution date, (iv) any payments made by the master servicer to cover Prepayment Interest Shortfalls incurred during the related Collection Period, and (v) excess liquidation proceeds (but only to the extent that the Available Distribution Amount for such distribution date would be less than the amount distributable to the series 2014-KS02 certificateholders on such distribution date), minus (b)(i) all collected monthly payments due after the end of the related Collection Period, (ii) all amounts payable or reimbursable from the collection account and the distribution account pursuant to the terms of the series 2014-KS02 pooling and servicing agreement for the payment of certain expenses, fees and indemnities, (iii) all Static Prepayment Premiums, (iv) all amounts deposited in the collection account in error, (v) any net interest or net investment income on funds in the collection account, any REO account or Permitted Investments, (vi) excess liquidation proceeds and (vii) with respect to the first distribution date only, all funds released from the Initial Interest Reserve Account.

The certificate administrator will apply the Available Distribution Amount as described under “Description of the Series 2014-KS02 Certificates—Distributions” in this information circular to pay principal and accrued interest on the series 2014-KS02 certificates on that date.

“Balloon Guarantor Payment” means, with respect to any distribution date and the Offered Principal Balance Certificates, an amount equal to the product of (i) a ratio whose numerator is the outstanding principal balance of the Offered Principal Balance Certificates and whose denominator is the aggregate of the outstanding principal balances of the series 2014-KS02 principal balance certificates, each immediately prior to such distribution date and (ii) the aggregate amount of the Stated Principal Balance of each underlying mortgage loan that reached its maturity date (without giving effect to any modifications or extensions granted by the master servicer or the special servicer after the Closing Date) during the related Collection Period (and with respect to which no final recovery determination has been made prior to its maturity date) but as to which the related borrower failed to pay the entire outstanding principal balance of the underlying mortgage loan, including the balloon payment by the end of such Collection Period; such amount not to exceed the aggregate outstanding principal balance of the Offered Principal Balance Certificates, as reduced by the Principal Distribution Amount to be applied in reduction of any outstanding principal balance of the Offered Principal Balance Certificates on such distribution date.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Basis Risk Contract” means a contract identified as such and described under “Certain Federal Income Tax Consequences” in this information circular.

“BBA” means The British Bankers’ Association.

“Calculation Agent” means, for so long as any of the certificates remain outstanding, an agent appointed to calculate LIBOR in respect of each Interest Accrual Period. The Certificate Administrator will be the initial Calculation Agent for purposes of determining LIBOR for each Interest Accrual Period.

“Cap Premium” means the portion of the purchase price of a class of principal balance certificates allocated to the related Basis Risk Contract, as described under “Certain Federal Income Tax Consequences” in this information circular.

“Certificate Administrator/Custodian Aggregate Annual Cap” means \$300,000 in the aggregate with respect to the certificate administrator and the custodian.

“Class Final Guarantor Payment” means any payment made by the guarantor in respect of 4. of the definition of Deficiency Amount.

“Class X Interest Accrual Amount” means, for each distribution date, an amount equal to interest accrued during the related Interest Accrual Period on the notional amount of the class X certificates immediately prior to such distribution date at the pass-through rate for the class X certificates, minus any Net Aggregate Prepayment Interest Shortfalls allocated to the class X certificates. The Class X Interest Accrual Amount will be calculated on an Actual/360 Basis.

“Class X Interest Distribution Amount” means, for each distribution date, the sum of (a) the excess, if any, of the Class X Interest Accrual Amount for such distribution date over the aggregate of the Additional Interest Accrual Amounts, if any, for the class B and C certificates with respect to such distribution date, and (b) the amount described in clause (a) above for all prior distribution dates that remains unpaid on such distribution date.

“Class X Strip Rates” means, for the purposes of calculating the pass-through rate for the class X certificates, the rates *per annum* at which interest accrues from time to time on the three components of the notional amount of the class X certificates outstanding immediately prior to the related distribution date. For each class of principal balance certificates, the class X certificates will have a component that will have a notional amount equal to the principal balance of that class of certificates. For purposes of calculating the pass-through rate for the class X certificates for each Interest Accrual Period (a) the applicable Class X Strip Rate with respect to the component related to the Offered Principal Balance Certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for such distribution date minus the Guarantee Fee Rate, over

(ii) the pass-through rate for the Offered Principal Balance Certificates; and (b) the applicable Class X Strip Rate with respect to the components related to the class B or C certificates will be a rate *per annum* equal to the excess, if any, of (i) the Weighted Average Net Mortgage Pass-Through Rate for such distribution date minus the CREFC[®] Intellectual Property Royalty License Fee Rate over (ii) the pass-through rate for the class B or C certificates, as applicable. In no event may any Class X Strip Rate be less than zero.

“Closing Date” means the date of initial issuance for the series 2014-KS02 certificates, which will be on or about May 23, 2014.

“CMBS” means commercial and multifamily mortgage-backed securities.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collection Period” means, with respect to any distribution date for the series 2014-KS02 certificates, the related period commencing immediately following the determination date in the calendar month preceding the month in which such distribution date occurs and ending on and including the determination date in the calendar month in which such distribution date occurs, or, with respect to the first distribution date for the series 2014-KS02 certificates, the period commencing from the Cut-off Date and ending on and including the determination date in May 2014.

“Controlling Class” means, as of the Closing Date, the class C certificates, until the outstanding principal balance of such class is less than 2.50% of the aggregate of the outstanding principal balances of the class A, B and C certificates; thereafter, the class B certificates, until the outstanding principal balance of such class divided by the aggregate of the outstanding principal balances of the class A and B certificates is less than the product of (i) its initial principal balance divided by the aggregate of the initial principal balances of the class A, B and C certificates and (ii) 30%; and thereafter the class A certificates.

“Corrected Mortgage Loan” means any Specially Serviced Mortgage Loan that has become a performing mortgage loan, in accordance with its original term or as modified in accordance with the series 2014-KS02 pooling and servicing agreement, for three consecutive monthly payments and the servicing of which has been returned to the master servicer; *provided* that no additional Servicing Transfer Event is foreseeable in the reasonable judgment of the special servicer.

“Cost Approach” means the determination of the value of a mortgaged real property arrived at by adding the estimated value of the land to an estimate of the current replacement cost of the improvements, and then subtracting depreciation from all sources.

“CPR” means an assumed constant rate of prepayment each month, which is expressed on a per annum basis, relative to the then-outstanding principal balance of a pool of mortgage loans for the life of those loans. The CPR model is the prepayment model that we use in this information circular.

“CREFC[®]” means the Commercial Real Estate Finance Council, an international trade organization for the commercial real estate capital markets.

“CREFC[®] Intellectual Property Royalty License Fee” means the monthly fee to be paid to CREFC[®] pursuant to the series 2014-KS02 pooling and servicing agreement in an amount equal to the product of (i) the CREFC[®] Intellectual Property Royalty License Fee Rate multiplied by (ii) the aggregate of the outstanding principal balances of the class B and C certificates, computed on an Actual/360 Basis and based on the number of days in the related Interest Accrual Period for the certificates.

“CREFC[®] Intellectual Property Royalty License Fee Rate” means the rate equal to 0.0005% per annum computed on the same basis and in the same manner as interest is computed on the class B and C certificates.

“CREFC[®] Website” means the website located at “www.crefc.org” or such other primary website as the CREFC[®] may establish for dissemination of its report forms.

“Cut-off Date” means, with respect to each underlying mortgage loan, the applicable due date in May 2014 (which will be May 1, 2014, subject, in some cases, to a next succeeding business day convention). May 1, 2014 is considered the Cut-off Date for the issuing entity.

“Cut-off Date Balance/Unit” means:

- with respect to any underlying mortgage loan, other than an underlying mortgage loan referred to in the following bullet, the ratio of—
 1. the Cut-off Date Principal Balance of the subject mortgage loan, to
 2. the Total Units at the related mortgaged real property; and
- with respect to any underlying mortgage loan that is secured, including through cross-collateralization, by multiple real properties, the ratio of—
 1. the aggregate Cut-off Date Principal Balance of the mortgage loan and all other mortgage loans with which it is cross-collateralized, to
 2. the sum of the Total Units at all of the related mortgaged real properties.

“Cut-off Date Loan-to-Value Ratio” or “Cut-off Date LTV” means:

- with respect to any underlying mortgage loan, other than an underlying mortgage loan referred to in the next bullet, the ratio of—
 1. the Cut-off Date Principal Balance of the subject mortgage loan, to
 2. the most recent Appraised Value of the related mortgaged real property; and
- with respect to any underlying mortgage loan that is secured, including through cross-collateralization, by multiple real properties, the ratio of—
 1. the aggregate Cut-off Date Principal Balance of the mortgage loan and all other mortgage loans with which it is cross-collateralized, to
 2. the sum of the most recent Appraised Values of all related mortgaged real properties.

“Cut-off Date Principal Balance” or “Cut-off Date Loan Amount” means, with respect to any underlying mortgage loan, the outstanding principal balance of such mortgage loan as of the Cut-off Date.

“Default Interest” means any interest that—

1. accrues on a defaulted underlying mortgage loan solely by reason of the subject default; and
2. is in excess of all interest at the regular mortgage interest rate for the subject mortgage loan.

“Defaulted Loan” means any underlying mortgage loan that is at least 60 days delinquent in respect of its monthly payments or delinquent in respect of its balloon payment, if any, in each case without giving effect to any grace period permitted by the related mortgage or mortgage note or if any non-monetary event of default occurs that results in the underlying mortgage loan becoming a Specially Serviced Mortgage Loan, *provided, however*, that no monthly payment (other than a balloon payment) shall be deemed delinquent if less than ten (\$10) dollars of all amounts due and payable on such underlying mortgage loan has not been received.

“Deficiency Amount” means with respect to any distribution date and any class of Guaranteed Certificates, the sum of:

1. the amount, if any, by which (i) with respect to the Offered Principal Balance Certificates, the interest payable on such class and (ii) with respect to the class X certificates, the amount set forth in clause (a) of the definition of “Class X Interest Distribution Amount” above, exceeds the amount of interest actually distributed to the holders of such Guaranteed Certificates on such distribution date;
2. any Balloon Guarantor Payment for the Offered Principal Balance Certificates;
3. the amount, if any, of Realized Losses and Additional Issuing Entity Expenses allocated to the Offered Principal Balance Certificates; and
4. on the Assumed Final Distribution Date for the Offered Principal Balance Certificates, the outstanding principal balance of such class on such Assumed Final Distribution Date (after giving effect to all amounts distributable and allocable to principal on such class but prior to giving effect to any Guarantor Payment including any Balloon Guarantor Payment for such class on such final distribution date).

“Depositor Aggregate Annual Cap” means \$300,000.

“Dodd-Frank Act” means The Dodd-Frank Wall Street Reform and Consumer Protection Act.

“Estimated Annual Operating Expenses” means, for each of the mortgaged real properties securing an underlying mortgage loan, the historical annual operating expenses for the property, adjusted upward or downward, as appropriate, to reflect, among other things, any expense modifications made as discussed below.

For purposes of calculating the Estimated Annual Operating Expenses for any mortgaged real property securing an underlying mortgage loan:

- the “historical annual operating expenses” for that property normally consist of historical expenses that were generally obtained/estimated—
 1. from operating statements relating to a complete fiscal year of the borrower for the prior three calendar years or a trailing 12-month period ended in one such year,
 2. by annualizing the most recent partial calendar year amount of operating expenses for which operating statements were available, with adjustments for some items deemed inappropriate for annualization,
 3. by calculating a stabilized estimate of operating expenses which takes into consideration historical financial statements and material changes in the operating position of the property, such as newly signed leases and market data, or
 4. if the property was recently constructed, by calculating an estimate of operating expenses based upon the appraisal of the property or market data; and
- the “expense modifications” made to the historical annual operating expenses for that property often include—
 1. assuming, in most cases, that a management fee, equal to approximately 2.5% to 5.0% of total revenues, was payable to the property manager,
 2. adjusting historical expense items upwards or downwards to reflect inflation and/or industry norms for the particular type of property,
 3. the underwritten recurring replacement reserve amounts, and

4. adjusting historical expenses downwards by eliminating various items which are considered non-recurring in nature or which are considered capital improvements, including recurring capital improvements.

The amount of any underwritten recurring replacement reserve amounts and/or underwritten leasing commissions and tenant improvements for each of the mortgaged real properties securing an underlying mortgage loan is shown in the table titled “Engineering Reserves and Recurring Replacement Reserves” on Exhibit A-1 to this information circular. The underwritten recurring replacement reserve amounts shown on Exhibit A-1 to this information circular are expressed as dollars per unit.

By way of example, Estimated Annual Operating Expenses generally include—

- salaries and wages;
- the costs or fees of—
 1. utilities,
 2. repairs and maintenance,
 3. replacement reserves,
 4. marketing,
 5. insurance,
 6. management,
 7. landscaping,
 8. security, if provided at the property, and
- the amount of taxes, general and administrative expenses and other costs.

Estimated Annual Operating Expenses generally do not reflect, however, any deductions for debt service, depreciation and amortization or capital expenditures or reserves for any of those items, except as described above.

Estimated Annual Operating Expenses for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual operating expenses for such mortgaged real property to differ materially from the Estimated Annual Operating Expenses set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including future expense levels, which will be affected by a variety of complex factors over which none of the depositor, the mortgage loan sellers, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Estimated Annual Operating Expenses for any mortgaged real property are lower, and may be materially lower, than the annual operating expenses for that mortgaged real property based on historical operating statements. In determining the Estimated Annual Operating Expenses for a mortgaged real property, the mortgage loan seller in most cases relied on generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the mortgage loan seller in determining the Estimated Annual Operating Expenses.

“Estimated Annual Revenues” generally means, for each of the mortgaged real properties securing an underlying mortgage loan, the base estimated annual revenues for the property, adjusted upward or downward, as appropriate, to reflect any revenue modifications made as discussed below.

For purposes of calculating the Estimated Annual Revenues for any mortgaged real property securing an underlying mortgage loan:

- the “base estimated annual revenues” for that property were generally assumed to equal the annualized amounts of gross potential rents; and
- the “revenue modifications” made to the base estimated annual revenues for that property often include—
 1. adjusting the revenues downwards by applying a combined vacancy and rent loss, including concessions, adjustment that reflected then current occupancy or, in some cases, a stabilized occupancy or, in some cases, an occupancy that was itself adjusted for historical trends or market rates of occupancy with consideration to competitive properties,
 2. adjusting the revenues upwards to reflect, in the case of some tenants, increases in base rents scheduled to occur during the following 12 months,
 3. adjusting the revenues upwards for estimated income consisting of, among other items, late fees, laundry income, application fees, cable television fees, storage charges, electrical pass-throughs, pet charges, janitorial services, furniture rental and parking fees, and
 4. adjusting the revenues downwards in some instances where rental rates were determined to be significantly above market rates and the subject space was then currently leased to tenants that did not have long-term leases or were believed to be unlikely to renew their leases.

Estimated Annual Revenues for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual revenues for such mortgaged real property to differ materially from the Estimated Annual Revenues set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including the re-leasing of vacant space and the continued leasing of occupied spaces, which will be affected by a variety of complex factors over which none of the depositor, the mortgage loan seller, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Estimated Annual Revenues for any mortgaged real property are higher, and may be materially higher, than the annual revenues for that mortgaged real property based on historical operating statements. In determining the Estimated Annual Revenues for a mortgaged real property, the mortgage loan seller in most cases relied on rent rolls and/or generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the mortgage loan seller in determining the Estimated Annual Revenues.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Specially Serviced Mortgage Loan” means any Specially Serviced Mortgage Loan for which all of the following conditions are satisfied:

- it has not been a Specially Serviced Mortgage Loan for more than one (1) distribution date;
- it is a Specially Serviced Mortgage Loan solely due to the occurrence of an event described in the fifth or sixth bullet of the definition of “Servicing Transfer Event” below; and
- the borrower under the Specially Serviced Mortgage Loan has not failed to make any monthly payment in full since the underlying mortgage loan became a Specially Serviced Mortgage Loan.

For the avoidance of doubt, a Specially Serviced Loan will cease to be an Excluded Specially Serviced Mortgage Loan no later than the day immediately following the first distribution date to occur after such loan became an Excluded Specially Serviced Mortgage Loan.

“Fair Value” means the amount that, in the special servicer’s judgment, exercised in accordance with the Servicing Standard, and taking into account the factors specified in the series 2014-KS02 pooling and servicing agreement, is the fair value of a Defaulted Loan.

“Fannie Mae” means the Federal National Mortgage Association.

“FHFA” means the Federal Housing Finance Agency.

“Fitch” means Fitch Ratings, Inc., and its successors-in-interest.

“Freddie Mac” means Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created and existing under Title III of the Emergency Home Finance Act of 1970, as amended, or any successor to it (“FHLMC”), and certain of its affiliates, if any, who assume certain obligations or are assigned certain rights under the series 2014-KS02 pooling and servicing agreement, as described under “Description of the Mortgage Loan Seller and Guarantor—Proposed Operation of Multifamily Mortgage Business on a Stand-Alone Basis” in this information circular; provided, however, that “Freddie Mac” means FHLMC with respect to its obligations as:

- (i) mortgage loan seller pursuant to the mortgage loan purchase agreement;
- (ii) purchaser of the Guaranteed Certificates;
- (iii) guarantor of the Guaranteed Certificates pursuant to the Freddie Mac Guarantee; and
- (iv) issuer of certain securities, including the Series K-S02 SPCs.

“Freddie Mac Act” means Title III of the Emergency Home Finance Act of 1970, as amended.

“Freddie Mac Guarantee” means obligations of the guarantor as described under “Description of the Series 2014-KS02 Certificates—Distributions—Freddie Mac Guarantee” in this information circular.

“GAAP” means generally accepted accounting principles.

“Grantor Trust” means the portion of the trust fund exclusive of the Trust REMICs constituting a “grantor trust” under subpart E, part I, subchapter J, chapter 1 of subtitle A of the Code.

“Guarantee Fee” means, for any distribution date and with respect to the Guaranteed Certificates, the fee payable to the guarantor in respect of its services as guarantor, which fee accrues at the Guarantee Fee Rate on a balance equal to the total outstanding principal balance of the Offered Principal Balance Certificates immediately prior to such distribution date. The Guarantee Fee with respect to the Guaranteed Certificates will accrue on an Actual/360 Basis.

“Guarantee Fee Rate” means a per annum rate equal to 0.7000%.

“Guaranteed Certificates” means the class A and X certificates.

“Guarantor Payment” means any payment made by the guarantor in respect of a Deficiency Amount.

“Guarantor Reimbursement Amount” means, with respect to any distribution date and any class of Guaranteed Certificates, the sum of all amounts paid by the guarantor in respect of Deficiency Amounts for such class of Guaranteed Certificates on such distribution date or on all prior distribution dates, to the extent not previously reimbursed (including from collections in respect of any mortgage loan on which a Balloon Guarantor Payment was made).

“Guarantor Reimbursement Interest Amount” means, with respect to any distribution date and any class of Guaranteed Certificates, interest on any Guarantor Reimbursement Amount (other than with respect to Guarantor Timing Reimbursement Amounts) for such class of Guaranteed Certificates at a per annum rate for each day equal to the Prime Rate for such day plus 2.00%, calculated on an Actual/360 Basis.

“Guarantor Timing Reimbursement Amount” means, with respect to any distribution date and the Offered Principal Balance Certificates, the portion of any Guarantor Reimbursement Amount related to any Timing

Guarantor Payment for the Offered Principal Balance Certificates, together with any related Timing Guarantor Interest.

“Guide” means the Freddie Mac Multifamily Seller/Servicer Guide, as amended or supplemented from time to time. To the extent the Freddie Mac Multifamily Seller/Servicer Guide is no longer published by Freddie Mac, either directly or indirectly, “Guide” will refer to any successor guide as prescribed by Freddie Mac, which will be provided by Freddie Mac upon request if not otherwise reasonably accessible to the parties to the series 2014-KS02 pooling and servicing agreement; *provided, however*, that in the event that no successor guide is prescribed by Freddie Mac within ninety (90) days of the date on which the Guide is no longer published by Freddie Mac, all references to the “Guide” in the series 2014-KS02 pooling and servicing agreement will be disregarded and the Guide will no longer be applicable. For purposes of the series 2014-KS02 pooling and servicing agreement, the term “Guide” will not include any form referenced in the Freddie Mac Multifamily Seller/Servicer Guide. Such forms will be applicable at the option of the master servicer, the special servicer or any sub-servicer.

“IBA” means Intercontinental Exchange Benchmark Administration Limited, or any successor to it.

“Income Approach” means the determination of the value of a mortgaged real property by using the discounted cash flow method of valuation or by the direct capitalization method. The discounted cash flow analysis is used in order to measure the return on a real estate investment and to determine the present value of the future income stream expected to be generated by the mortgaged real property. The future income of the mortgaged real property, as projected over an anticipated holding period, and the resulting net operating incomes or cash flows are then discounted to present value using an appropriate discount rate. The direct capitalization method generally converts an estimate of a single year’s income expectancy, or, in some cases, a hypothetical stabilized single year’s income expectancy, into an indication of value by dividing the income estimate by an appropriate capitalization rate. An applicable capitalization method and appropriate capitalization rates are developed for use in computations that lead to an indication of value. In utilizing the Income Approach, the appraiser’s method of determination of gross income, gross expense and net operating income for the subject property may vary from the method of determining Underwritten Net Operating Income for that property, resulting in variances in the related net operating income values.

“Initial Interest Reserve Account” means the account, accounts or sub-accounts created and maintained by the certificate administrator, in trust for the series 2014-KS02 certificateholders, which will be an eligible account, or sub-account of an eligible account, in accordance with the series 2014-KS02 pooling and servicing agreement.

“Initial Interest Reserve Deposit Amount” means, with respect to each underlying mortgage loan, an amount equal to two (2) days of interest at the Net Mortgage Interest Rate on the related mortgage note at the related Stated Principal Balance as of the Cut-off Date. For the avoidance of doubt, no master servicing fee, special servicing fee, sub-servicing fee, Guarantee Fee, trustee fee, certificate administrator fee or CREFC[®] Intellectual Property Royalty License Fee will accrue on this amount.

“Initial Series 2014-S02 Directing Certificateholder” means KS02 Series B Owner, LLC, a Delaware limited liability company, and an affiliate of Ventas REIT, Inc., a Delaware corporation, and its successors in interest.

“Interest Accrual Period” means, with respect to (i) the certificates and any distribution date, the period beginning on and including the 25th day of the month preceding the month in which such distribution date occurs (or beginning on and including the Closing Date, in the case of the first distribution date) and ending on and including the 24th day of the month in which such distribution date occurs and (ii) any underlying mortgage loan and any due date, the calendar month preceding the month in which such due date occurs.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“IRS” means the Internal Revenue Service.

“Junior Loan Holder” means the holder of a second priority lien on certain of the underlying mortgage loans if the related borrower exercises its option to obtain secondary secured financing as described under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Permitted Additional Debt” in this information circular.

“LIBOR” means, for any Interest Accrual Period, the IBA’s one (1) month London interbank offered rate for United States Dollar deposits, as displayed on the LIBOR Index Page, as determined on the related LIBOR Determination Date. LIBOR will be 0.1505% for the Interest Accrual Period relating to (a) the first due date after the Cut-off Date for the underlying mortgage loans and (b) the first distribution date for the series 2014-KS02 principal balance certificates.

“LIBOR Determination Date” means, with respect to any Interest Accrual Period and (i) any underlying mortgage loan, the first day preceding the beginning of such Interest Accrual Period for which LIBOR has been released by the IBA or (ii) any principal balance certificate, the date on which LIBOR was determined for the underlying mortgage loans in the month preceding the month in which the applicable Interest Accrual Period for the certificates commenced.

“LIBOR Index Page” means the Bloomberg L.P. page “BBAM”, or such other page for LIBOR as may replace page BBAM on that service, or at the option of the Calculation Agent (i) the applicable page for LIBOR on another service which electronically transmits or displays IBA LIBOR rates, or (ii) any publication of LIBOR rates available from the IBA. In the event the IBA ceases to set or publish a rate for LIBOR, the Calculation Agent will designate an alternative index, and such alternative index will constitute the LIBOR Index Page.

“Liquidation Proceeds” means cash amounts (other than income, rents and profits derived from the ownership, operation or leasing of a REO Property) actually received, net of expenses, in connection with (i) the liquidation of a mortgaged real property or other collateral constituting security for a defaulted mortgage loan, through trustee’s sale, foreclosure sale, REO disposition or otherwise, exclusive of any portion of cash amounts required to be released to the related borrower; (ii) the realization upon any deficiency judgment obtained against a borrower; (iii) the purchase of a Defaulted Loan by the series 2014-KS02 directing certificateholder (or any assignee or affiliate), Freddie Mac (or any assignee) or the Junior Loan Holder in accordance with the series 2014-KS02 pooling and servicing agreement; (iv) the repurchase or replacement of a mortgage loan by or on behalf of the mortgage loan seller pursuant to defect in any mortgage file or a breach of any of its representations and warranties; or (v) the purchase of all of the underlying mortgage loans and REO Properties remaining in the issuing entity by the holders of a majority of the percentage interest of the Controlling Class (excluding Freddie Mac), the master servicer or the special servicer pursuant to the terms of the series 2014-KS02 pooling and servicing agreement.

“Lower-Tier REMIC” means the REMIC identified as such, and described under “Certain Federal Income Tax Consequences” in this information circular.

“Lower-Tier REMIC Regular Interests” means the regular interests in the Lower-Tier REMIC as defined under “Certain Federal Income Tax Consequences” in this information circular.

“Master Servicer Aggregate Annual Cap” means \$300,000 with respect to the master servicer and certain indemnified sub-servicers under the series 2014-KS02 pooling and servicing agreement, collectively.

“Maturity Balance” means, with respect to any underlying mortgage loan, the unpaid principal balance of the subject mortgage loan immediately prior to its maturity, according to the payment schedule for the subject mortgage loan and otherwise assuming no prepayments, defaults or extensions.

“Maturity Loan-to-Value Ratio” or “Maturity LTV” means:

- with respect to any underlying mortgage loan, other than an underlying mortgage loan referred to in the following bullet, the ratio of—
 1. the Maturity Balance of the subject mortgage loan, to
 2. the most recent Appraised Value of the related mortgaged real property; and
- with respect to any underlying mortgage loan that is secured, including through cross-collateralization with other mortgage loans, by multiple real properties, the ratio of—

1. the aggregate Maturity Balance of the mortgage loan and all other mortgage loans with which it is cross-collateralized, to
2. the sum of the most recent Appraised Values of all related mortgaged real properties.

“Maximum Guarantor Timing Reimbursement” has the meaning assigned to that term in priority 5th of the chart in “Description of the Series 2014-KS02 Certificates—Distributions—Priority of Distributions” in this information circular.

“Modeling Assumptions” means, collectively, the following assumptions regarding the series 2014-KS02 certificates and the underlying mortgage loans:

- the underlying mortgage loans have the characteristics set forth on Exhibit A-1 to this information circular and the initial mortgage pool balance is approximately \$383,932,175;
- the initial principal balance or notional amount, as the case may be, of each class of series 2014-KS02 certificates is as described in this information circular;
- the pass-through rate for each interest-bearing class of series 2014-KS02 certificates is as described in this information circular;
- LIBOR remains constant at 0.2000%;
- there are no delinquencies, modifications or losses with respect to the underlying mortgage loans;
- no underlying mortgage loan is a Specially Serviced Loan;
- there are no modifications, extensions, waivers or amendments affecting the monthly debt service or balloon payments by borrowers on the underlying mortgage loans;
- there are no Appraisal Reduction Amounts with respect to the underlying mortgage loans;
- there are no casualties or condemnations affecting the corresponding mortgaged real properties;
- each of the underlying mortgage loans provides monthly debt service payments to be due on the first day of each month, regardless of whether the subject date is a business day or not;
- monthly debt service payments on the underlying mortgage loans are timely received on their respective due dates in each month, regardless of whether the subject date is a business day or not;
- no voluntary or involuntary prepayments are received as to any underlying mortgage loan during that underlying mortgage loan’s prepayment lockout period, including any contemporaneous Static Prepayment Premium Period;
- except as otherwise assumed in the immediately preceding bullet, prepayments are made on each of the underlying mortgage loans at the indicated CPRs set forth in the subject tables or other relevant part of this information circular, without regard to any limitations in those mortgage loans on partial voluntary principal prepayments;
- all prepayments on the underlying mortgage loans are assumed to be—
 1. accompanied by a full month’s interest, and
 2. received on the applicable due date of the relevant month;
- no person or entity entitled under the series 2014-KS02 pooling and servicing agreement exercises its right of optional termination as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular;

- none of the underlying mortgage loans is required to be repurchased or replaced by the mortgage loan seller or any other person, as described under “Description of the Underlying Mortgage Loans—Cures, Repurchases and Substitutions” in this information circular;
- the only issuing entity expenses are the trustee fee, the certificate administrator fee, the master servicing fee, the sub-servicing fee (as set forth on Exhibit A-1 to this information circular), the Guarantee Fee and the CREFC® Intellectual Property Royalty License Fee;
- there are no Additional Issuing Entity Expenses;
- payments on the offered certificates are made on the 25th day of each month, commencing in June 2014; and
- the offered certificates are settled on an assumed settlement date of May 23, 2014.

“Moody’s” means Moody’s Investors Service, Inc., and its successors-in-interest.

“Most Recent EGI” generally means, for any mortgaged real property that secures an underlying mortgage loan, the revenues received (effective gross income), or annualized or estimated in some cases, in respect of the property for the 12-month period ended as of the Most Recent Financial End Date, based upon the latest available annual or, in some cases, partial-year operating statement and other information furnished by the related borrower. For purposes of the foregoing, revenues generally consist of all revenues received in respect of the property, including rental and other revenues.

In determining the Most Recent EGI for any property, the mortgage loan seller may have made adjustments to the financial information provided by the related borrower similar to those used in calculating the Estimated Annual Revenues for that property.

Most Recent EGI for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual revenues for such mortgaged real property to differ materially from the Most Recent EGI set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including the re-leasing of vacant space and the continued leasing of occupied spaces, which will be affected by a variety of complex factors over which none of the depositor, the mortgage loan seller, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Most Recent EGI for any mortgaged real property are higher, and may be materially higher, than the annual revenues for that mortgaged real property based on historical operating statements. In determining the Most Recent EGI for a mortgaged real property, the mortgage loan seller in most cases relied on rent rolls and/or generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the mortgage loan seller in determining the Most Recent EGI.

“Most Recent Expenses” means, for any mortgaged real property that secures an underlying mortgage loan, the expenses incurred, or annualized or estimated in some cases, for the property for the 12-month period ended as of the most recent operating statement date, based upon the latest available annual or, in some cases, partial-year operating statement and other information furnished by the related borrower.

Expenses generally consist of all expenses incurred for the property, including—

- salaries and wages,
- the costs or fees of—
 1. utilities,
 2. repairs and maintenance,
 3. marketing,

4. insurance,
 5. management,
 6. landscaping,
 7. security, if provided at the property, and
- the amount of—
 1. real estate taxes,
 2. general and administrative expenses, and
 3. other costs.

For purposes of the foregoing, expenses do not reflect, however, any deductions for debt service, depreciation, amortization or capital expenditures.

In determining the Most Recent Expenses for any property, the mortgage loan seller may have made adjustments to the financial information provided by the related borrower similar to those used in calculating the Estimated Annual Operating Expenses for that property. Most Recent Expenses for each mortgaged real property are calculated on the basis of numerous assumptions and subjective judgments, which, if ultimately proven erroneous, could cause the actual operating expenses for such mortgaged real property to differ materially from the Most Recent Expenses set forth in this information circular. Some assumptions and subjective judgments relate to future events, conditions and circumstances, including future expense levels, which will be affected by a variety of complex factors over which none of the depositor, the mortgage loan seller, the master servicer, the special servicer, the certificate administrator or the trustee have control. In some cases, the Most Recent Expenses for any mortgaged real property are lower, and may be materially lower, than the annual operating expenses for that mortgaged real property based on historical operating statements. In determining the Most Recent Expenses for a mortgaged real property, the mortgage loan seller in most cases relied on generally unaudited financial information provided by the respective borrowers. No assurance can be given with respect to the accuracy of the information provided by any borrowers, or the adequacy of any procedures used by the mortgage loan seller in determining the Most Recent Expenses.

“Most Recent Financial End Date” means, with respect to each of the underlying mortgage loans, the date indicated on Exhibit A-1 to this information circular as the Most Recent Financial End Date with respect to that mortgage loan. In general, this date is the end date of the period covered by the latest available annual or, in some cases, partial-year operating statement for the related mortgaged real property.

“Most Recent NCF” or “Most Recent Net Cash Flow” means, with respect to each mortgaged real property that secures an underlying mortgage loan, the Most Recent Net Operating Income, less the most recent replacement reserve amounts.

“Most Recent NOI” or “Most Recent Net Operating Income” means, with respect to each of the mortgaged real properties that secures an underlying mortgage loan, the total cash flow derived from the property that was available for annual debt service on the related underlying mortgage loan, calculated as the Most Recent EGI less Most Recent Expenses for that property.

“Net Aggregate Prepayment Interest Shortfall” means, with respect to any distribution date, the excess, if any, of:

- the total Prepayment Interest Shortfalls incurred with respect to the mortgage pool during the related Collection Period, over

- the sum of—
 1. the total payments made by the master servicer to cover any Prepayment Interest Shortfalls incurred during the related Collection Period; and
 2. the total Prepayment Interest Excesses collected during the related Collection Period that are applied to offset Prepayment Interest Shortfalls incurred during the related Collection Period.

The master servicer will not make payments to cover, or apply Prepayment Interest Excesses received on the underlying mortgage loans to offset, Prepayment Interest Shortfalls incurred with respect to the underlying mortgage loans.

“Net Mortgage Interest Rate” means, with respect to any mortgage loan in the issuing entity, the related mortgage interest rate then in effect reduced by the sum of the annual rates at which the master servicing fee, sub-servicing fee, the certificate administrator fee and the trustee fee are calculated.

“Net Mortgage Pass-Through Rate” means, with respect to any underlying mortgage loan for any distribution date, a rate per annum equal to either (i) the Original Net Mortgage Interest Rate for such underlying mortgage loan or (ii) if the mortgage interest rate for such underlying mortgage loan is increased in connection with a subsequent modification of such underlying mortgage loan after the Closing Date (but, for the avoidance of doubt, not if the mortgage interest rate is decreased), the Net Mortgage Interest Rate for such underlying mortgage loan.

“Nonrecoverable Advance” means any Nonrecoverable P&I Advance or Nonrecoverable Servicing Advance or any portion of such Nonrecoverable P&I Advance or Nonrecoverable Servicing Advance.

“Nonrecoverable P&I Advance” has the meaning assigned to that term under “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular.

“Nonrecoverable Servicing Advance” has the meaning assigned to that term under “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this information circular.

“NRSRO” means a nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Exchange Act.

“Occupancy %” means the percentage of units of the subject property that were occupied or leased as of the approximate date of the original underwriting of the related underlying mortgage loan or any later date as the mortgage loan seller considered appropriate, in any event as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value of the property is based.

“Offered Principal Balance Certificates” has the meaning assigned to that term under “Description of the Series 2014-KS02 Certificates—General” in this information circular.

“Option Price” means the cash price at which any Defaulted Loan may be purchased under the related Purchase Option, as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans” in this information circular.

“Original Net Mortgage Interest Rate” means, with respect to any underlying mortgage loan, the Net Mortgage Interest Rate in effect for such underlying mortgage loan as of the Closing Date (or, in the case of any underlying mortgage loan substituted in replacement of another underlying mortgage loan pursuant to or as contemplated by the mortgage loan purchase agreement, as of the date of substitution).

“Outstanding Guarantor Reimbursement Amount” means, with respect to any distribution date, the amount, if any, by which the sum of any Guarantor Reimbursement Amounts payable to the Guarantor exceeds the sum of the amounts distributed to the Guarantor pursuant to priority 4th, 5th or 9th in the table under “Description of the Series 2014-KS02 Certificates—Distributions—Priority of ‘Distributions’” in this information circular on such distribution date.

“P&I Advance” has the meaning assigned to that term under “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular.

“Performing Loan Principal Distribution Amount” means, with respect to any distribution date, the excess, if any, of the Principal Distribution Amount for such distribution date over the Specially Serviced Loan Principal Distribution Amount, if any, for such distribution date.

“Permitted Encumbrances” means, with respect to any mortgaged real property securing an underlying mortgage loan, any and all of the following—

- the lien of current real property taxes, water charges, sewer rents and assessments not yet delinquent or accruing interest or penalties,
- covenants, conditions and restrictions, rights of way, easements and other matters that are of public record,
- exceptions and exclusions specifically referred to in the related lender’s title insurance policy or, if that policy has not yet been issued, referred to in a *pro forma* title policy or marked-up commitment, which in either case is binding on the subject title insurance company,
- other matters to which like properties are commonly subject,
- the rights of tenants, as tenants only, under leases, including subleases, pertaining to the related mortgaged real property, and
- if the subject mortgaged real property is a unit in a condominium, the related condominium declaration.

“Permitted Investments” means the U.S. government securities and other obligations specified in the series 2014-KS02 pooling and servicing agreement.

“Placement Agent Entities” means the placement agents for the Series K-S02 SPCs and their respective affiliates.

“Prepayment Interest Excess” means, with respect to any full or partial prepayment of an underlying mortgage loan made by the related borrower or otherwise in connection with a casualty or condemnation during any Collection Period after the due date for that underlying mortgage loan, the amount of any interest collected on that prepayment for the period from and after that due date, less the amount of master servicing fees and sub-servicing fees payable from that interest collection, and exclusive of any Default Interest included in that interest collection.

“Prepayment Interest Shortfall” means, with respect to any full or partial prepayment of an underlying mortgage loan made by the related borrower that is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment or otherwise in connection with a casualty or condemnation during any Collection Period prior to the due date for that underlying mortgage loan, the amount of any uncollected interest that would have accrued on that prepayment to, but not including, such due date, less the amount of master servicing fees and sub-servicing fees that would have been payable from that uncollected interest, and exclusive of any portion of that uncollected interest that would have been Default Interest.

“Prime Rate” means an annual rate equal to the prime rate as published in *The Wall Street Journal*, as that prime rate may change from time to time.

“Principal Distribution Adjustment Amount” means, with respect to any distribution date, the sum of (i) the amount of any Nonrecoverable Advance (and interest on such amount) that was reimbursed to the master servicer or the trustee that was deemed to have been so reimbursed out of payments and other collections of principal (as described in this information circular under “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses” or “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments,” as applicable), (ii) any advance that remained unreimbursed following the time that a defaulted mortgage loan is modified and returned to performing status, that (although not considered a Nonrecoverable Advance) was reimbursed to the master servicer or the trustee, with

interest on such advance, and that was deemed to have been so reimbursed out of payments and other collections of principal (as described in this information circular under “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses” or “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments,” as applicable), in each case, during the period since the preceding distribution date and (iii) any principal collections used to reimburse Balloon Guarantor Payments during the related Collection Period.

“Principal Distribution Amount” means:

- for any distribution date prior to the final distribution date, an amount equal to the total, without duplication, of the following—
 1. all payments of principal, including voluntary principal prepayments, received by or on behalf of the issuing entity with respect to the underlying mortgage loans during the related Collection Period, exclusive of any of those payments that represents a late collection of principal for which an advance was previously made for a prior distribution date or that represents a monthly payment of principal due on or before the due date for the related underlying mortgage loan in May 2014 or on a due date for the related underlying mortgage loan subsequent to the end of the related Collection Period,
 2. all monthly payments of principal received by or on behalf of the issuing entity with respect to the underlying mortgage loans prior to, but that are due during, the related Collection Period,
 3. all other collections, including liquidation proceeds, condemnation proceeds, insurance proceeds and repurchase proceeds, that were received by or on behalf of the issuing entity with respect to any of the underlying mortgage loans or any related REO Properties during the related Collection Period and that were identified and applied as recoveries of principal of the subject underlying mortgage loan or, in the case of an REO Property, of the related underlying mortgage loan, in each case net of any portion of the particular collection that represents a late collection of principal for which an advance of principal was previously made for a prior distribution date or that represents a monthly payment of principal due on or before the due date for the related mortgage loan in May 2014, and
 4. all advances of principal made with respect to the underlying mortgage loans for that distribution date; and
- for the final distribution date, an amount equal to the total Stated Principal Balance of the mortgage pool outstanding immediately prior to that final distribution date.

Notwithstanding the foregoing, the Principal Distribution Amount will be reduced on any distribution date by an amount equal to the Principal Distribution Adjustment Amount calculated with respect to such distribution date. The Principal Distribution Amount will be increased on any distribution date by the amount of any recovery occurring during the related Collection Period of an amount that was previously advanced with respect to any underlying mortgage loan, but only if and to the extent such advance was previously reimbursed from principal collections that would otherwise have constituted part of the Principal Distribution Amount for a prior distribution date in a manner that resulted in a Principal Distribution Adjustment Amount for such prior distribution date. In addition, if any insurance proceeds, condemnation proceeds or liquidation proceeds were received and/or a final recovery determination were made with respect to any underlying mortgage loan during any particular Collection Period, then the portion of the Principal Distribution Amount for the related distribution date that is otherwise allocable to that underlying mortgage loan will be reduced (to not less than zero) by any special servicing fees or liquidation fees payable in connection therewith.

“Privileged Person” means each party to the series 2014-KS02 pooling and servicing agreement, the initial purchaser of the series 2014-KS02 certificates and, upon receipt by the certificate administrator of an investor certification in the form required by the series 2014-KS02 pooling and servicing agreement, each holder, beneficial owner or prospective purchaser of a series 2014-KS02 certificate or a Series K-S02 SPC. Any Privileged Person that is a borrower or an affiliate of a borrower, as evidenced by the information set forth in the investor certification, will only be entitled to limited information as described in “Description of the Series 2014-KS02 Certificates—Reports to Certificateholders and Freddie Mac; Available Information” in this information circular.

“Purchase Agreement” means the senior preferred stock purchase agreement between FHFA, as conservator of Freddie Mac, and Treasury.

“Purchase Option” means, with respect to any Defaulted Loan, the purchase option described under “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans” in this information circular.

“Purchase Price” has the meaning assigned to that term under “Description of the Underlying Mortgage Loans—Certain Terms and Conditions of the Underlying Mortgage Loans—Purchase Option” in this information circular.

“Qualified Substitute Mortgage Loan” means a mortgage loan which must, on the date of substitution: (i) have an outstanding principal balance, after application of all scheduled payments of principal and/or interest due during or prior to the month of substitution, whether or not received, not in excess of the Stated Principal Balance of the deleted mortgage loan as of the due date in the calendar month during which the substitution occurs; (ii) have a mortgage interest rate not less than the mortgage interest rate of the deleted mortgage loan; (iii) have the same due date as the deleted mortgage loan; (iv) accrue interest on the same basis as the deleted mortgage loan (for example, on the basis of a 360-day year and the actual number of days elapsed); (v) have a remaining term to stated maturity not greater than, and not more than two years less than, the remaining term to stated maturity of the deleted mortgage loan; (vi) have an original loan-to-value ratio not higher than that of the deleted mortgage loan and a current loan-to-value ratio not higher than the then current loan-to-value ratio of the deleted mortgage loan; (vii) materially comply (without waiver or exception) as of the date of substitution with all of the representations and warranties set forth in the applicable purchase agreement; (viii) have an environmental report with respect to the related mortgaged real property that indicates no material adverse environmental conditions with respect to the related mortgaged real property and which will be delivered as a part of the related mortgage file; (ix) have an original debt service coverage ratio not less than the original debt service coverage ratio of the deleted mortgage loan and a current debt service coverage ratio not less than the current debt service coverage ratio of the deleted mortgage loan; (x) be determined by an opinion of counsel to be a “qualified replacement mortgage” within the meaning of Code Section 860G(a)(4); (xi) have been approved by each of the series 2014-KS02 directing certificateholder and Freddie Mac in its sole discretion; and (xii) not be substituted for a deleted mortgage loan if it would result in the termination of the REMIC status of either Trust REMIC created under the series 2014-KS02 pooling and servicing agreement or the imposition of tax on either Trust REMIC created under the series 2014-KS02 pooling and servicing agreement other than a tax on income expressly permitted or contemplated to be received by the terms of the series 2014-KS02 pooling and servicing agreement. In the event that one or more mortgage loans are substituted for one or more deleted mortgage loans simultaneously, then the amounts described in clause (i) are required to be determined on the basis of aggregate principal balances and the rates described in clause (ii) above and the remaining term to stated maturity referred to in clause (v) above are required to be determined on a weighted average basis. When a Qualified Substitute Mortgage Loan is substituted for a deleted mortgage loan, the mortgage loan seller will be required to certify that the mortgage loan meets all of the requirements of the above definition and send the certification to the trustee and the certificate administrator, which may conclusively rely upon such certification.

“Ratings Trigger Event” means, with respect to the master servicer or the special servicer, as applicable, (a) if on the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment), such party is listed on S&P’s Select Servicer List as a U.S. Commercial Mortgage Master Servicer (in the case of the master servicer) or a U.S. Commercial Mortgage Special Servicer (in the case of the special servicer), and at any time after the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such party loses its status on such list and such status is not restored within sixty (60) days or (b) if on the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such party has a rating by Fitch higher than or equal to “CMS3” or “CSS3,” as applicable, and at any time after the Closing Date (or in the case of any successor master servicer or special servicer, the date of appointment) such rating drops to a level lower than “CMS3” or “CSS3,” as applicable, and such party is not reinstated to at least “CMS3” or “CSS3,” as applicable, within sixty (60) days.

“Realized Losses” means losses on or with respect to the underlying mortgage loans arising from the inability of the master servicer and/or the special servicer to collect all amounts due and owing under those mortgage loans, including by reason of the fraud or bankruptcy of a borrower or, to the extent not covered by insurance, a casualty of any nature at a mortgaged real property. We discuss the calculation of Realized Losses under “Description of the

Series 2014-KS02 Certificates—Reductions of Certificate Principal Balances in Connection with Realized Losses and Additional Issuing Entity Expenses” in this information circular.

“Reform Act” means the Federal Housing Finance Regulatory Reform Act.

“Regular Certificates” has the meaning assigned to that term under “Certain Federal Income Tax Consequences—General” in this information circular.

“REMIC” means a “real estate mortgage investment conduit” as defined in Code Section 860D.

“REMIC Provisions” means the provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at Sections 860A through 860G of subchapter M of chapter 1 of subtitle A of the Code, and related provisions, and temporary and final regulations and, to the extent not inconsistent with such temporary and final regulations, proposed regulations, and published rulings, notices and announcements promulgated thereunder, as the foregoing may be in effect from time to time.

“Remittance Date” means, with respect to each distribution date, the business day prior to such distribution date.

“REO Loan” means an underlying mortgage loan deemed to be outstanding with respect to a REO Property.

“REO Property” means any mortgaged real property that is acquired by the special servicer for the benefit of the series 2014-KS02 certificateholders through foreclosure, deed-in-lieu of foreclosure or otherwise following a default on the related underlying mortgage loan.

“S&P” means Standard & Poor’s Ratings Services, and its successors-in-interest.

“Sales Comparison Approach” means a determination of the value of a mortgaged real property based upon a comparison of that property to similar properties that have been sold recently or for which listing prices or offering figures are known. In connection with that determination, data for generally comparable properties are used and comparisons are made to demonstrate a probable price at which the subject mortgaged real property would sell if offered on the market.

“SEC” means the U.S. Securities and Exchange Commission.

“Section 8” means the Section 8 Tenant-Based Assistance Rental Certificate Program of the United States Department of Housing and Urban Development.

“Series K-S02 SPCs” means Freddie Mac’s series K-S02 structured pass-through certificates.

“Servicing Advance” has the meaning assigned to that term under “The Series 2014-KS02 Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses—Servicing Advances” in this information circular.

“Servicing Standard” means:

(a) with respect to the underlying mortgage loans other than REO Loans, REO Properties and Specially Serviced Mortgage Loans, (i)(x) in the event that the Freddie Mac Multifamily Seller/Servicer Guide is currently published by Freddie Mac, either directly or indirectly, (y) in the event that a successor Guide is prescribed by Freddie Mac or (z) during the 90-day period described in clause (a)(ii) below, to the extent not inconsistent with applicable law, the terms of the series 2014-KS02 pooling and servicing agreement or the terms of the respective underlying mortgage loans or any applicable intercreditor or co-lender and/or similar agreement(s), servicing and administering the underlying mortgage loans in accordance with (A) the Guide or (B) to the extent the Guide does not provide sufficient guidance, Accepted Servicing Practices or (ii) in the event that the Freddie Mac Multifamily Seller/Servicer Guide is no longer published by Freddie Mac, either directly or indirectly, and no successor Guide is prescribed by Freddie Mac within 90 days of the date on which the Guide is no longer published by Freddie Mac, to the extent not inconsistent with applicable law, the terms of the series 2014-KS02 pooling and servicing agreement and the terms of the respective underlying mortgage loans and any applicable intercreditor or co-lender and/or

similar agreement(s), servicing and administering the underlying mortgage loans in accordance with Accepted Servicing Practices; and

(b) with respect to REO Loans, REO Properties and Specially Serviced Mortgage Loans, to the extent not inconsistent with applicable law, the terms of the series 2014-KS02 pooling and servicing agreement or the terms of the respective underlying mortgage loans or any applicable intercreditor or co-lender and/or similar agreement(s), servicing and administering such underlying mortgage loans in accordance with Accepted Servicing Practices.

To the extent of any conflict under clause (a)(i) of this definition (1) between the Guide and Accepted Servicing Practices, the terms of the Guide will govern and be applicable and (2) between the Guide and the express written terms of the series 2014-KS02 pooling and servicing agreement, the terms of the series 2014-KS02 pooling and servicing agreement will govern and be applicable.

“Servicing Transfer Event” means, with respect to any underlying mortgage loan, any of the following events, among others:

- a payment default has occurred at its maturity date (except, if the borrower is making its normal monthly payment and is diligently pursuing a refinancing and in connection therewith delivers within 45 days of the maturity date a firm commitment to refinance acceptable to the special servicer, with the consent of the series 2014-KS02 directing certificateholder (subject to the last paragraph of “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this information circular), in which case a Servicing Transfer Event would not occur as to such underlying mortgage loan until the earlier of (i) 60 days after such payment default, which may be extended to 120 days at the special servicer’s discretion, with the consent of the series 2014-KS02 directing certificateholder (subject to the last paragraph of “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this information circular) or (ii) the expiration of such commitment); *provided*, that the special servicer will not follow any such direction, or refrain from acting based upon the lack of any such direction, of the series 2014-KS02 directing certificateholder, if following any such direction of the series 2014-KS02 directing certificateholder or refraining from taking such action based upon the lack of any such direction of the series 2014-KS02 directing certificateholder would violate the Servicing Standard;
- any monthly principal and/or interest payment (other than a balloon payment) is more than 60 or more days delinquent;
- the related borrower has—
 - (i) filed for, or consented to, bankruptcy, appointment of a receiver or conservator or a similar insolvency proceeding;
 - (ii) become the subject of a decree or order for such a proceeding which is not stayed or discharged within 60 days; or
 - (iii) has admitted in writing its inability to pay its debts generally as they become due;
- the master servicer or special servicer has received notice of the foreclosure or proposed foreclosure of any other lien on the mortgaged real property;
- in the judgment of (i) the master servicer (with the approval of Freddie Mac) or (ii) the special servicer (with the approval of Freddie Mac and the series 2014-KS02 directing certificateholder, subject to the last paragraph of “The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report” in this information circular), (a) a default under any underlying mortgage loan is reasonably foreseeable, (b) such default will materially impair the value of the related mortgaged real property as security for such underlying mortgage loan or otherwise materially adversely affect the interests of series 2014-KS02 certificateholders, and (c) the default either would give rise to the immediate right to accelerate the underlying mortgage loan or such default is likely to continue unremedied for the applicable cure period under the terms of such underlying mortgage loan or, if no cure period is specified

and the default is capable of being cured, for thirty (30) days, *provided* that if Freddie Mac's approval is sought by the master servicer and not provided (and/or during the period that the master servicer is waiting for Freddie Mac's approval), the master servicer's servicing obligations with respect to such underlying mortgage loan will be to service such underlying mortgage loan as a non-Specially Serviced Mortgage Loan ; or

- any other default has occurred under the loan documents that, in the reasonable judgment of (i) the master servicer, or (ii) with the approval of the series 2014-KS02 directing certificateholder (subject to the last paragraph of "The Series 2014-KS02 Pooling and Servicing Agreement—Realization Upon Mortgage Loans—Asset Status Report" in this information circular), the special servicer, has materially and adversely affected the value of the related underlying mortgage loan or otherwise materially and adversely affected the interests of the series 2014-KS02 certificateholders and has continued unremedied for thirty (30) days (irrespective of any grace period specified in the related mortgage note) and, *provided* that failure of the related borrower to obtain all-risk casualty insurance which does not contain any carveout for terrorist or similar act (other than such amounts as are specifically required under the related mortgage loan) will not apply with respect to this clause if the special servicer has determined in accordance with the Servicing Standard that either—
 - (1) such insurance is not available at commercially reasonable rates and that such hazards are not commonly insured against for properties similar to the mortgaged real property and located in or around the region in which such mortgaged real property is located, or
 - (2) such insurance is not available at any rate.

A Servicing Transfer Event will cease to exist, if and when a Specially Serviced Mortgage Loan becomes a Corrected Mortgage Loan.

"Sole Certificateholder" means the holder (or holders provided they act in unanimity) of, collectively, 100% of the class X and C certificates having an outstanding class principal balance or notional amount, as applicable, greater than zero or an assignment of the series 2014-KS02 voting rights in respect of such classes of certificates; *provided, however*, that at the time of determination the total outstanding class principal balances of the class A and B certificates have been reduced to zero.

"Specially Serviced Mortgage Loan" means any underlying mortgage loan as to which a Servicing Transfer Event has occurred and is continuing, including any REO Loan or Defaulted Loan.

"Specially Serviced Loan Principal Distribution Amount" means, with respect to any distribution date, any portion of the Principal Distribution Amount that was collected or advanced with respect to any Specially Serviced Mortgaged Loan other than an Excluded Specially Serviced Mortgage Loan. For the avoidance of doubt, the Specially Serviced Loan Principal Distribution Amount will be reduced by the Principal Distribution Adjustment Amount applicable to such Specially Serviced Mortgaged Loan.

"Special Servicer Aggregate Annual Cap" means \$300,000.

"Stated Principal Balance" means, with respect to any underlying mortgage loan (except with respect to any REO Property), as of any date of determination, an amount equal to (i) the Cut-off Date Principal Balance of such underlying mortgage loan or with respect to a Qualified Substitute Mortgage Loan, the outstanding principal balance of such Qualified Substitute Mortgage Loan after application of all scheduled payments of principal and interest due during or prior to the month of substitution, whether or not received, minus (ii) the sum of:

- (a) the principal portion of each monthly payment due on such underlying mortgage loan after the Cut-off Date (or, with respect to a Qualified Substitute Mortgage Loan, the applicable due date during the month of substitution), to the extent received from the related borrower or advanced by the master servicer or the trustee, as applicable, and distributed to the series 2014-KS02 certificateholders, on or before such date of determination;

- (b) all principal prepayments received with respect to such underlying mortgage loan after the Cut-off Date (or, with respect to a Qualified Substitute Mortgage Loan, the applicable due date during the month of substitution), to the extent distributed to the series 2014-KS02 certificateholders, on or before such date of determination;
- (c) the principal portion of all insurance and condemnation proceeds and liquidation proceeds received with respect to such underlying mortgage loan after the Cut-off Date (or, with respect to a Qualified Substitute Mortgage Loan, the applicable due date during the month of substitution), to the extent distributed to the series 2014-KS02 certificateholders, on or before such date of determination;
- (d) any reduction in the outstanding principal balance of such underlying mortgage loan resulting from a valuation of the related mortgaged real property in an amount less than the then outstanding principal balance of such underlying mortgage loan by a court of competent jurisdiction, initiated by a bankruptcy proceeding and that occurred prior to the determination date for the most recent distribution date; and
- (e) any reduction in the outstanding principal balance of such underlying mortgage loan due to a modification by the special servicer pursuant to the series 2014-KS02 pooling and servicing agreement, which reduction occurred prior to the determination date for the most recent distribution date.

However, the “Stated Principal Balance” of any underlying mortgage loan will, in all cases, be zero as of the distribution date following the Collection Period in which it is determined that all amounts ultimately collectible with respect to that underlying mortgage loan or any related REO Property have been received.

With respect to any REO Loan, as of any date of determination, “Stated Principal Balance” means an amount equal to (i) the Stated Principal Balance of the predecessor underlying mortgage loan (determined as set forth above), as of the date the related REO Property is acquired by the issuing entity, minus (ii) the sum of:

- (a) the principal portion of any P&I Advance made with respect to such REO Loan on or after the date the related REO Property is acquired by the issuing entity, to the extent distributed to series 2014-KS02 certificateholders on or before such date of determination; and
- (b) the principal portion of all insurance and condemnation proceeds, liquidation proceeds and all income, rents and profits derived from the ownership, operation or leasing of the related REO Property received with respect to such REO Loan, to the extent distributed to series 2014-KS02 certificateholders, on or before such date of determination.

“Static Prepayment Premium” means a form of prepayment consideration payable in connection with any voluntary or involuntary principal prepayment that is calculated solely as a specified percentage of the amount prepaid, which percentage may change over time.

“Static Prepayment Premium Period” means, with respect to any mortgage loan that at any time permits voluntary prepayments of principal, if accompanied by a Static Prepayment Premium, the period during the loan term when such voluntary principal prepayments may be made if accompanied by such Static Prepayment Premium.

“Subordinate Certificates”, in the case of the class A and X certificates, means the class B and C certificates; and in the case of the class B certificates, means the class C certificates. The class B and C certificates are not being offered hereby and do not have the benefit of the Freddie Mac Guarantee.

“Sub-Servicing Agreement” means each sub-servicing agreement between the master servicer and the related sub-servicer relating to servicing and administration of underlying mortgage loans by such sub-servicer as provided in the series 2014-KS02 pooling and servicing agreement.

“Successor Servicer Requirements” has the meaning assigned to that term under “The Series 2014-KS02 Pooling and Servicing Agreement—Resignation, Removal and Replacement of Servicers; Transfer of Servicing Duties—Resignation of the Master Servicer or the Special Servicer” in this information circular.

“Timing Guarantor Interest” means, with respect to any distribution date and the Offered Principal Balance Certificates, the sum of (a) an amount equal to interest at the Weighted Average Net Mortgage Pass-Through Rate for the related Interest Accrual Period, calculated on an Actual/360 Basis, on any unreimbursed Timing Guarantor Payment for such class and (b) any such amount set forth in clause (a) for prior distribution dates that remains unreimbursed.

“Timing Guarantor Payment” means, with respect to any distribution date and the Offered Principal Balance Certificates, any Balloon Guarantor Payment or Class Final Guarantor Payment.

“Total Units” means the estimated number of apartments at the particular property, regardless of the number or size of rooms in the apartments as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value is based.

“Treasury” means the U.S. Department of the Treasury.

“Trust REMIC” means either one of two separate REMICs referred to in this information circular as the “Lower Tier REMIC” and the “Upper Tier REMIC.”

“Trustee Aggregate Annual Cap” means \$150,000.

“Trustee/Certificate Administrator/Custodian Aggregate Annual Cap” means if the same person or entity is acting as the trustee, the certificate administrator and the custodian, \$300,000 with respect to such person or entity.

“Upper-Tier REMIC” has the meaning assigned to that term under “Certain Federal Income Tax Consequences—General” in this information circular.

“Upper-Tier REMIC Regular Interests” has the meaning assigned to that term under “Certain Federal Income Tax Consequences—General” in this information circular.

“Underwritten Debt Service Coverage Ratio” means:

- with respect to any underlying mortgage loan, other than an underlying mortgage loan referred to in the following bullet, the ratio of—
 1. the Underwritten Net Cash Flow for the related mortgaged real property, to
 2. twelve times the monthly debt service payment for that underlying mortgage loan due on the related due date in May 2014 at an assumed LIBOR of 0.2000%; and
- with respect to any underlying mortgage loan that is secured, including through cross-collateralization, by multiple mortgaged real properties, the ratio of—
 1. the total Underwritten Net Cash Flow for those properties, to
 2. twelve times the monthly debt service payment(s) for that mortgage loan, and all other underlying mortgage loans with which it is cross-collateralized, due on the related due date in May 2014;

provided that, if the subject mortgage loan is currently in an interest-only period, then the amount in clause 2 of either bullet of this definition with respect to such underlying mortgage loan will be either (a) if that interest-only period extends to maturity, the aggregate of the first twelve monthly debt service payments to be due on such underlying mortgage loan or (b) if that interest-only period ends prior to maturity, twelve times the monthly debt service payment to be due on such underlying mortgage loan on the first due date after amortization begins.

“Underwritten Debt Service Coverage Ratio (IO)” means:

- with respect to any underlying mortgage loan that is currently in an interest-only period, other than an underlying mortgage loan referred to in the following bullet, the ratio of—

1. the Underwritten Net Cash Flow for the related mortgaged real property, to
 2. an amount equal to the aggregate of the first twelve monthly debt service payments due on such underlying mortgage loan at an assumed LIBOR of 0.2000%; and
- with respect to any underlying mortgage loan that is currently in an interest-only period and is cross-collateralized or secured by multiple mortgaged real properties, the ratio of—
 1. the total Underwritten Net Cash Flow for those properties, to
 2. an amount equal to the aggregate of the first twelve monthly debt service payments due on such underlying mortgage loan, and all other mortgage loans with which it is cross-collateralized.

“Underwritten Effective Gross Income” means, with respect to any mortgaged real property securing an underlying mortgage loan, the Estimated Annual Revenues for that property.

“Underwritten Net Cash Flow” means, with respect to each of the mortgaged real properties securing an underlying mortgage loan, the estimated total cash flow from that property expected to be available for annual debt service on the related underlying mortgage loan. In general, that estimate:

- was made at the time of origination of the related underlying mortgage loan or in connection with the transactions described in this information circular; and
- is equal to the excess of—
 1. the Estimated Annual Revenues for the property, over
 2. the Estimated Annual Operating Expenses for the property.

The management fees and reserves assumed in calculating Underwritten Net Cash Flow differ in many cases from actual management fees and reserves actually required under the loan documents for the related underlying mortgage loans. In addition, actual conditions at the mortgaged real properties will differ, and may differ substantially, from the conditions assumed in calculating Underwritten Net Cash Flow. Furthermore, the Underwritten Net Cash Flow for each of the mortgaged real properties does not reflect the effects of future competition or economic cycles. Accordingly, we cannot assure you that the Underwritten Net Cash Flow for any of the mortgaged real properties shown on Exhibit A-1 to this information circular will be representative of the actual future net cash flow for the particular property.

Underwritten Net Cash Flow and the revenues and expenditures used to determine Underwritten Net Cash Flow for each of the mortgaged real properties are derived from generally unaudited information furnished by the related borrower. However, in some cases, an accounting firm performed agreed upon procedures, or employees of the related originator performed cash flow verification procedures, that were intended to identify any errors in the information provided by the related borrower. Audits of information furnished by borrowers could result in changes to the information. These changes could, in turn, result in the Underwritten Net Cash Flow shown on Exhibit A-1 to this information circular being overstated. Net income for any of the mortgaged real properties as determined under GAAP would not be the same as the Underwritten Net Cash Flow for the property shown on Exhibit A-1 to this information circular. In addition, Underwritten Net Cash Flow is not a substitute for or comparable to operating income as determined in accordance with GAAP as a measure of the results of the property’s operations nor a substitute for cash flows from operating activities determined in accordance with GAAP as a measure of liquidity.

“Underwritten Net Operating Income” means, with respect to each of the mortgaged real properties securing an underlying mortgage loan, the Underwritten Net Cash Flow for the property, increased by any and all of the following items that were included in the Estimated Annual Operating Expenses for the property for purposes of calculating that Underwritten Net Cash Flow:

- underwritten recurring replacement reserve amounts; and
- capital improvements, including recurring capital improvements.

“United States” or “U.S.” means the United States of America.

“Unpaid Interest Shortfall” has the meaning assigned to that term under “Description of the Series 2014-KS02 Certificates—Distributions—Interest Distributions” in this information circular.

“Unreimbursed Indemnification Expenses” means indemnification amounts payable by the issuing entity to the depositor, master servicer, special servicer, the custodian, the certificate administrator or trustee in excess of the Depositor Aggregate Annual Cap, the Trustee Aggregate Annual Cap or the Certificate Administrator/Custodian Aggregate Annual Cap (if different persons or entities are the trustee and certificate administrator/custodian), the Trustee/Certificate Administrator/Custodian Aggregate Annual Cap (if the same person or entity is the trustee and certificate administrator/custodian), the Master Servicer Aggregate Annual Cap and the Special Servicer Aggregate Annual Cap, as the case may be, which have not been previously reimbursed.

“Upper-Tier REMIC” means the REMIC identified as such, and described under, “Certain Federal Income Tax Consequences” in this information circular.

“Upper-Tier REMIC Regular Interests” has the meaning assigned to that term under “Certain Federal Income Tax Consequences—General” in this information circular.

“UST” means an underground storage tank.

“Waterfall Trigger Event” with respect to any distribution date means (a) the number of underlying mortgage loans (other than Specially Serviced Mortgage Loans) held by the issuing entity as of the related determination date is less than or equal to five (5) without regard to any cross-collateralization provision of any underlying mortgage loan or (b) the aggregate Stated Principal Balance of the underlying mortgage loans (other than Specially Serviced Mortgage Loans) as of the related determination date is less than or equal to 15% of the initial mortgage pool balance without regard to any cross-collateralization provision of any underlying mortgage loan.

“Weighted Average Net Mortgage Pass-Through Rate” means, for each distribution date, the weighted average of the respective Net Mortgage Pass-Through Rates with respect to all of the underlying mortgage loans for that distribution date, weighted on the basis of their respective Stated Principal Balances immediately prior to that distribution date.

“Wells Fargo Bank” means Wells Fargo Bank, National Association, a national banking association, and its successors-in-interest.

“Workout-Delayed Reimbursement Amount” has the meaning assigned to that term under “Description of the Series 2014-KS02 Certificates—Advances of Delinquent Monthly Debt Service Payments” in this information circular.

“Year Built” means, with respect to any mortgaged real property securing an underlying mortgage loan, the year when construction of the property was principally completed, as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value of the property is based or the engineering report.

“Year Renovated” means, with respect to any mortgaged real property securing an underlying mortgage loan, the year when the most recent substantial renovation of the property, if any, was principally completed, as reflected in information provided by the borrower or in the appraisal on which the most recent Appraised Value of the property is based or the engineering report.

EXHIBIT A-1

**CERTAIN CHARACTERISTICS OF THE UNDERLYING
MORTGAGE LOANS AND THE RELATED MORTGAGED REAL PROPERTIES**

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Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Originator	Street Address	Property City	Property State	Zip Code	County	Property Type	Property Subtype	Year Built	Year Renovated	Total Units	Cut-Off Date Balance/Unit	Unit of Measure	Occupancy %	Occupancy As of Date
1		1	The Meadows Of Glen Elyn	Berkadia Commercial Mortgage LLC	60 North Nicoll Way	Glen Elyn	IL	60137	DuPage	Multifamily	Independent Living	2000	N/A	224	219,573	Units	95.1%	3/31/2014
2	(14)	1	The Hallmark At Battery Park	Berkadia Commercial Mortgage LLC	455 North End Avenue	New York	NY	10282	New York	Multifamily	Independent Living	2000	N/A	217	213,838	Units	96.8%	3/31/2014
3	(15)	1	Pine Ridge Of Garfield	KeyCorp Real Estate Capital Markets, Inc.	36333 Garfield Road	Clinton Township	MI	48035	Macomb	Multifamily	Independent Living	2006	N/A	117	87,398	Units	98.3%	4/1/2014
4	(15)	1	Pine Ridge Of Plumbrook	KeyCorp Real Estate Capital Markets, Inc.	8350 Plumbrook Road	Sterling Heights	MI	48313	Macomb	Multifamily	Independent Living	2004	N/A	118	87,398	Units	94.1%	4/1/2014
5	(15)	1	Villas Of Shelby	KeyCorp Real Estate Capital Markets, Inc.	4200 West Ulca Road	Sterling Township	MI	48317	Macomb	Multifamily	Independent Living	1987	2005	136	87,398	Units	96.5%	4/1/2014
6	(15)	1	Pine Ridge Of Hayes	KeyCorp Real Estate Capital Markets, Inc.	43707 Hayes Road	Sterling Heights	MI	48313	Macomb	Multifamily	Independent Living	1986	2005	85	87,398	Units	90.6%	4/1/2014
7		1	Village At Proprietors Green	CBRE Capital Markets, Inc.	10 Village Green Way	Marshfield	MA	02050	Plymouth	Multifamily	Independent Living	2010	N/A	149	257,383	Units	94.6%	2/28/2014
8		1	The Hallmark Of Creve Coeur	Berkadia Commercial Mortgage LLC	1 New Ballas Place	Creve Coeur	MO	63146	St. Louis	Multifamily	Independent Living	2002	N/A	218	173,364	Units	97.2%	3/31/2014
9		1	Trillium Place	Berkadia Commercial Mortgage LLC	3500 Trillium Crossing	Columbus	OH	43235	Franklin	Multifamily	Independent Living	2002	N/A	214	168,085	Units	85.5%	3/31/2014
10		1	Horizon Bay At Hyde Park	Greystone Servicing Corporation, Inc.	800 West Azeale Street	Tampa	FL	33606	Hillsborough	Multifamily	Assisted Living	2011	N/A	134	261,194	Units	100.0%	12/31/2013
11		1	Harvard Square	CBRE Capital Markets, Inc.	10200 East Harvard Avenue	Denver	CO	80231	Denver	Multifamily	Assisted Living	1991	2009	185	116,216	Units	90.8%	4/30/2014
12		1	Arbor Terrace Peachtree City	CBRE Capital Markets, Inc.	201 Crosstown Drive	Peachtree City	GA	30269	Fayette	Multifamily	Independent Living	2008	2012	145	142,759	Units	93.4%	4/1/2014
13		1	Parkview In Frisco	CBRE Capital Markets, Inc.	7450 Stonebrook Parkway	Frisco	TX	75034	Collin	Multifamily	Independent Living	2008	N/A	201	99,502	Units	89.6%	4/30/2014
14		1	Arbor Terrace At Crabapple	Greystone Servicing Corporation, Inc.	12200 Crabapple Road	Alpharetta	GA	30004	Fulton	Multifamily	Assisted Living	2009	N/A	93	198,925	Units	97.8%	4/1/2014
15		1	Emeritus At Brea	Berkadia Commercial Mortgage LLC	285 West Central Avenue	Brea	CA	92621	Orange	Multifamily	Assisted Living	1989	N/A	98	82,849	Units	75.5%	3/31/2014
16		1	Emeritus At Whittier	Berkadia Commercial Mortgage LLC	8101 Painter Avenue	Whittier	CA	90602	Los Angeles	Multifamily	Assisted Living	1974	N/A	74	82,849	Units	97.3%	3/31/2014
17		1	Balfour Cherrywood Village	CBRE Capital Markets, Inc.	282 McCaslin Boulevard	Louisville	CO	80027	Boulder	Multifamily	Assisted Living	1999	N/A	46	139,741	Units	97.8%	3/31/2014

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Loan Purpose (Acquisition, Refinance)	Single Purpose Borrowing Entity / Single Asset Borrowing Entity	Crossed Loans	Related Borrower Loans ⁽¹⁾	Payment Date	Late Charge Grace Period	Note Date	First Payment Date	Maturity Date	Original Loan Amount	Cut-Off Date Loan Amount	% of Cut-Off Date Pool Balance	Maturity Balance
1		1	The Meadows Of Glen Elyn	Refinance	SPE	N/A	Group 1	1	10	8/1/2013	9/1/2013	8/1/2023	49,975,000	49,184,345	12.8%	37,942,511
2	(14)	1	The Hallmark At Battery Park	Refinance	SPE	N/A	Group 1	1	10	8/1/2013	9/1/2013	8/1/2023	47,120,000	46,402,750	12.1%	36,085,058
3	(15)	1	Pine Ridge Of Garfield	Refinance	SPE	Group 1	Group 4	1	10	8/2/2013	10/1/2013	9/1/2020	13,990,000	13,785,435	3.6%	11,671,761
4	(15)	1	Pine Ridge Of Plumbrook	Refinance	SPE	Group 1	Group 4	1	10	8/2/2013	10/1/2013	9/1/2020	11,270,000	11,105,207	2.9%	9,402,484
5	(15)	1	Villas Of Shelby	Refinance	SPE	Group 1	Group 4	1	10	8/2/2013	10/1/2013	9/1/2020	9,635,000	9,494,115	2.5%	8,038,415
6	(15)	1	Pine Ridge Of Haves	Refinance	SPE	Group 1	Group 4	1	10	8/2/2013	10/1/2013	9/1/2020	5,550,000	5,468,847	1.4%	4,630,327
7		1	Village At Proprietors Green	Acquisition	SPE	N/A	Group 2	1	10	11/14/2013	1/1/2014	12/1/2018	38,350,000	38,350,000	10.0%	34,871,281
8		1	The Hallmark Of Creve Coeur	Refinance	SPE	N/A	Group 1	1	10	8/1/2013	9/1/2013	8/1/2020	38,445,000	37,793,285	9.8%	31,902,775
9		1	Trillium Place	Refinance	SPE	N/A	Group 1	1	10	8/1/2013	9/1/2013	8/1/2020	36,585,000	35,870,095	9.4%	30,402,466
10		1	Horizon Bay At Hyde Park	Refinance	SPE	N/A	N/A	1	10	11/6/2013	1/1/2014	12/1/2020	35,000,000	35,000,000	9.1%	32,045,067
11		1	Harvard Square	Acquisition	SPE	N/A	Group 3	1	10	1/22/2014	3/1/2014	2/1/2021	21,500,000	21,500,000	5.6%	19,690,692
12		1	Arbor Terrace Peachtree City	Acquisition	SPE	N/A	N/A	1	10	12/27/2013	2/1/2014	1/1/2021	20,700,000	20,700,000	5.4%	19,102,356
13		1	Parkview In Frisco	Acquisition	SPE	N/A	Group 3	1	10	2/5/2014	4/1/2014	3/1/2021	20,000,000	20,000,000	5.2%	18,349,416
14		1	Arbor Terrace At Crabapple	Refinance	SPE	N/A	N/A	1	10	9/27/2013	11/1/2013	10/1/2020	18,500,000	18,500,000	4.8%	18,500,000
15		1	Emeritus At Brea	Refinance	SPE	Group 2	Group 5	1	10	12/3/2013	2/1/2014	1/1/2021	8,400,000	8,400,000	2.2%	7,375,035
16		1	Emeritus At Whittier	Refinance	SPE	Group 2	Group 5	1	10	12/3/2013	2/1/2014	1/1/2021	5,850,000	5,850,000	1.5%	5,135,185
17		1	Balfour Cherrywood Village	Acquisition	SPE	N/A	Group 2	1	10	1/29/2013	3/1/2013	2/1/2020	6,600,000	6,428,096	1.7%	5,555,937

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Interest Adjustment Period (months)	First Interest Adjustment Date In Trust	Rate Index	Margin	Gross Interest Rate	Administration Fee Rate ⁽²⁾	Net Mortgage Interest Rate	Rate Rounding Methodology	Interest Accrual Period Day Of Month (Start/End) ⁽³⁾	Rate Cap (Lifetime)	LIBOR Floor	LIBOR Cap (Yes/No)	LIBOR Cap Expiration Date	LIBOR Cap Strike Price ⁽⁴⁾	Accrual Basis	Loan Amortization Type
1		1	The Meadows Of Glen Elyn	1	6/1/2014	1-MO LIBOR	2.6600%	2.8600%	0.1050%	2.7550%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2017	3.3400%	Actual/360	Balloon
2	(14)	1	The Hallmark At Battery Park	1	6/1/2014	1-MO LIBOR	2.8800%	3.0800%	0.1050%	2.9750%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2017	3.1200%	Actual/360	Balloon
3	(15)	1	Pine Ridge Of Garfield	1	6/1/2014	1-MO LIBOR	2.4500%	2.6500%	0.1450%	2.5050%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2016	4.5500%	Actual/360	Balloon
4	(15)	1	Pine Ridge Of Plumbrook	1	6/1/2014	1-MO LIBOR	2.4500%	2.6500%	0.1450%	2.5050%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2016	4.5500%	Actual/360	Balloon
5	(15)	1	Villas Of Shelby	1	6/1/2014	1-MO LIBOR	2.4500%	2.6500%	0.1450%	2.5050%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2016	4.5500%	Actual/360	Balloon
6	(15)	1	Pine Ridge Of Haves	1	6/1/2014	1-MO LIBOR	2.4500%	2.6500%	0.1450%	2.5050%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2016	4.5500%	Actual/360	Balloon
7		1	Village At Proprietors Green	1	6/1/2014	1-MO LIBOR	2.4500%	2.6500%	0.0750%	2.5750%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	12/1/2015	3.8000%	Actual/360	Partial IO
8		1	The Hallmark Of Creve Coeur	1	6/1/2014	1-MO LIBOR	2.2600%	2.4600%	0.1050%	2.3550%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2017	3.7400%	Actual/360	Balloon
9		1	Trillium Place	1	6/1/2014	1-MO LIBOR	2.3100%	2.5100%	0.1050%	2.4050%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	8/1/2017	3.6900%	Actual/360	Balloon
10		1	Horizon Bay At Hyde Park	1	6/1/2014	1-MO LIBOR	2.9000%	3.1000%	0.0950%	3.0050%	Truncated to 5th decimal	First/Last	N/A	N/A	No	N/A	N/A	Actual/360	Partial IO
11		1	Harvard Square	1	6/1/2014	1-MO LIBOR	2.9200%	3.1200%	0.0950%	3.0250%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	2/1/2017	3.0800%	Actual/360	Partial IO
12		1	Arbor Terrace Peachtree City	1	6/1/2014	1-MO LIBOR	3.0200%	3.2200%	0.1050%	3.1150%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	1/1/2017	2.9800%	Actual/360	Partial IO
13		1	Parkview In Frisco	1	6/1/2014	1-MO LIBOR	3.0400%	3.2400%	0.1150%	3.1250%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	3/1/2017	2.9600%	Actual/360	Partial IO
14		1	Arbor Terrace At Crabapple	1	6/1/2014	1-MO LIBOR	2.9900%	3.1900%	0.1150%	3.0750%	Truncated to 5th decimal	First/Last	N/A	N/A	No	N/A	N/A	Actual/360	Interest Only
15		1	Emeritus At Brea	1	6/1/2014	1-MO LIBOR	3.3600%	3.5600%	0.1350%	3.4250%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	1/1/2017	2.7400%	Actual/360	Partial IO
16		1	Emeritus At Whittier	1	6/1/2014	1-MO LIBOR	3.3600%	3.5600%	0.1350%	3.4250%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	1/1/2017	2.7400%	Actual/360	Partial IO
17		1	Balfour Cherrywood Village	1	6/1/2014	1-MO LIBOR	2.7800%	2.9800%	0.1550%	2.8250%	Truncated to 5th decimal	First/Last	N/A	N/A	Yes	2/1/2020	3.2200%	Actual/360	Balloon

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Monthly Debt	Monthly Debt	Projected First	Monthly Debt	Amortization	Amortization	Loan Term	Loan Term	IO Period	Seasoning	Prepayment Provision ^(B)	Appraisal	Cut-Off Date	UW NCF	UW NCF		
				Service Amount (Amortizing) ^(A)	Service Amount (IO) ^(B)	Monthly Payment to Trust ^(B)	Service Amount (at Cap) ^(B)	Term (Original)	Term (Remaining)	Valuation Date	Appraised Value				LTV				Maturity LTV	DSCR
1		1	The Meadows Of Glen Elyn	206,973.34	N/A	205,682.35	237,605.37	360	351	120	111	0	9	L(11) 2%(60) 1%(45) O(4)	1/9/2013	71,840,000	68.5%	52.8%	1.87x	N/A
2	(14)	1	The Hallmark At Battery Park	200,733.14	N/A	199,496.16	280,774.45	360	351	120	111	0	9	L(11) 2%(48) 1%(57) O(4)	1/14/2013	80,880,000	57.4%	44.6%	1.73x	N/A
3	(15)	1	Pine Ridge Of Garfield	56,378.14	N/A	56,021.55	92,332.82	360	352	84	76	0	8	L(11) 1%(69) O(4)	3/13/2013	23,320,000	57.8%	49.0%	2.39x	N/A
4	(15)	1	Pine Ridge Of Plumbrook	45,416.85	N/A	45,129.59	74,381.05	360	352	84	76	0	8	L(11) 1%(69) O(4)	3/13/2013	18,970,000	57.8%	49.0%	2.39x	N/A
5	(15)	1	Villas Of Shelby	38,827.98	N/A	38,582.39	63,590.19	360	352	84	76	0	8	L(11) 1%(69) O(4)	3/13/2013	17,360,000	57.8%	49.0%	2.39x	N/A
6	(15)	1	Pine Ridge Of Hayes	22,365.88	N/A	22,224.42	36,629.53	360	352	84	76	0	8	L(11) 1%(69) O(4)	3/13/2013	9,250,000	57.8%	49.0%	2.39x	N/A
7		1	Village At Proprietors Green	154,536.61	85,865.83	85,877.90	236,127.55	360	360	60	55	12	5	L(23) 2%(12) 1%(21) O(4)	9/27/2013	59,000,000	65.0%	59.1%	1.68x	3.03x
8		1	The Hallmark Of Creve Coeur	151,123.05	N/A	150,159.61	228,680.17	360	351	84	75	0	9	L(11) 2%(60) 1%(9) O(4)	1/10/2013	51,260,000	73.7%	62.2%	1.82x	N/A
9		1	Trillium Place	144,762.38	N/A	143,841.99	217,648.38	360	351	84	75	0	9	L(11) 2%(60) 1%(9) O(4)	1/10/2013	48,780,000	73.7%	62.3%	1.83x	N/A
10		1	Horizon Bay At Hyde Park	149,455.74	91,672.45	91,938.68	N/A	360	360	84	79	36	5	L(11) 1%(69) O(4)	9/30/2013	58,400,000	59.9%	54.9%	1.92x	3.14x
11		1	Harvard Square	92,042.24	56,676.39	56,846.90	128,903.36	360	360	84	81	36	3	5%(11) 4%(12) 3%(12) 2%(13) 1%(33) O(4)	9/16/2013	31,100,000	69.1%	63.3%	1.68x	2.72x
12		1	Arbor Terrace Peachtree City	89,747.23	56,316.46	56,514.16	124,106.96	360	360	84	80	39	4	3%(11) 2%(12) 1%(57) O(4)	10/31/2013	33,700,000	61.4%	56.7%	1.62x	2.57x
13		1	Parkview In Frisco	86,931.53	54,750.00	54,947.50	119,910.11	360	360	84	82	36	2	5%(11) 4%(12) 3%(12) 2%(12) 1%(33) O(4)	11/5/2013	38,700,000	51.7%	47.4%	1.60x	2.54x
14		1	Arbor Terrace At Crabapple	49,862.21	49,862.21	50,029.91	N/A	0	0	84	77	84	7	L(11) 1%(69) O(4)	7/24/2013	32,650,000	56.7%	56.7%	3.14x	3.14x
15		1	Emeritus At Brea	38,001.65	25,266.11	25,392.62	50,903.56	360	360	84	80	12	4	3%(11) 2%(12) 1%(57) O(4)	8/26/2013	11,790,000	71.2%	62.5%	1.72x	2.59x
16		1	Emeritus At Whittier	26,465.44	17,596.04	17,684.14	35,450.69	360	360	84	80	12	4	3%(11) 2%(12) 1%(57) O(4)	8/26/2013	8,230,000	71.2%	62.5%	1.72x	2.59x
17		1	Balfour Cherrywood Village	27,761.47	N/A	27,591.91	39,145.13	360	345	84	69	0	15	3%(11) 2%(12) 1%(57) O(4)	12/21/2012	11,170,000	57.5%	49.7%	2.24x	N/A

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	UW EGI	UW Expenses	UW NOI	UW NCF	Most Recent				2nd Most Recent					
								Financial End Date	Most Recent EGI	Most Recent Expenses	Most Recent NOI	Most Recent NCF	Financial End Date	2nd Most Recent EGI	2nd Most Recent Expenses	2nd Most Recent NOI	2nd Most Recent NCF
1		1	The Meadows Of Glen Ellyn	10,184,001	5,421,043	4,742,957	4,647,633	12/31/2013	10,530,605	5,389,678	5,160,927	5,160,927	12/31/2012	10,286,128	5,175,497	5,090,631	4,995,207
2	(14)	1	The Hallmark At Battery Park	16,296,878	11,578,213	4,718,665	4,178,083	12/31/2013	16,990,761	11,427,196	5,563,565	5,171,070	12/31/2012	16,523,768	11,046,858	5,476,910	5,102,966
3	(15)	1	Pine Ridge Of Garfield	3,885,754	2,219,082	1,666,672	1,631,572	12/31/2013	4,079,919	2,209,523	1,870,396	1,870,396	12/31/2012	3,899,474	2,119,456	1,780,018	1,780,018
4	(15)	1	Pine Ridge Of Plumbrook	3,497,847	2,158,133	1,339,714	1,304,314	12/31/2013	3,487,116	2,055,514	1,431,602	1,431,602	12/31/2012	3,512,995	2,102,472	1,410,523	1,410,523
5	(15)	1	Village Of Shelby	3,326,962	2,201,426	1,125,536	1,084,736	12/31/2013	3,484,470	2,154,142	1,330,328	1,330,328	12/31/2012	3,267,711	2,107,351	1,160,360	1,160,360
6	(15)	1	Pine Ridge Of Haves	2,379,201	1,692,489	886,713	861,213	12/31/2013	2,464,688	1,675,209	789,479	789,479	12/31/2012	2,396,352	1,650,498	735,854	735,854
7		1	Village At Proprietors Green	9,121,960	5,953,207	3,168,754	3,124,054	12/31/2013	8,453,366	5,280,857	3,172,509	3,172,509	12/31/2012	7,833,995	5,314,913	2,519,082	2,519,082
8		1	The Hallmark Of Creve Coeur	9,515,729	6,094,715	3,421,014	3,305,910	12/31/2013	9,863,151	6,327,123	3,536,028	3,536,028	12/31/2012	9,305,171	6,077,395	3,227,776	3,227,776
9		1	Trillium Place	9,171,594	5,865,367	3,306,227	3,180,395	12/31/2013	9,300,265	5,973,362	3,326,903	3,326,903	12/31/2012	8,944,794	5,854,872	3,089,922	2,964,090
10		1	Horizon Bay At Hyde Park	7,737,865	4,249,253	3,488,611	3,449,443	12/31/2013	7,764,740	4,263,176	3,501,564	3,501,564	12/31/2012	5,596,475	3,566,999	2,029,476	2,029,476
11		1	Harvard Square	6,534,546	4,613,992	1,920,564	1,850,099	12/31/2013	6,499,113	4,615,443	1,883,670	1,883,670	12/31/2012	6,173,368	4,403,975	1,769,393	1,769,393
12		1	Arbor Terrace Peachtree City	5,916,217	4,132,945	1,783,272	1,739,772	1/31/2014	5,428,153	4,025,510	1,402,643	1,402,643	12/31/2012	3,507,775	3,080,199	427,576	427,576
13		1	Parkview In Frisco	5,315,434	3,596,821	1,718,613	1,668,113	12/31/2013	5,252,704	3,537,957	1,714,748	1,714,748	12/31/2012	5,175,738	3,478,123	1,697,615	1,697,615
14		1	Arbor Terrace At Crabapple	6,043,385	4,134,323	1,909,062	1,881,162	12/31/2013	6,199,869	4,070,448	2,129,421	2,129,421	12/31/2012	6,005,522	4,043,392	1,962,130	1,962,130
15		1	Emeritus At Brea	3,171,983	2,334,263	837,720	784,212	12/31/2013	3,219,891	2,276,562	943,329	943,329	12/31/2012	2,975,961	2,212,806	763,175	763,175
16		1	Emeritus At Whittier	2,510,286	1,922,348	887,937	847,190	12/31/2013	2,464,339	1,873,426	590,913	590,106	12/31/2012	1,949,605	1,638,370	311,135	270,328
17		1	Balfour Cherrywood Village	3,414,437	2,655,917	758,519	744,719	12/31/2013	3,617,982	2,674,495	943,487	943,487	11/30/2012	3,422,861	2,589,500	833,361	833,361

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	3rd Most Recent Financial End Date	3rd Most Recent EGI	3rd Most Recent Expenses	3rd Most Recent NOI	3rd Most Recent NCF	Lien Position	Title Vesting (Fee/Leasehold/Both)	Ground Lease Maturity Date	Cash Management (Description or N/A)	Engineering Escrow/Deferred Maintenance ⁽¹⁾	Tax Escrow (Initial) ⁽¹⁾	Tax Escrow (Monthly)
1		1	The Meadows Of Glen Elyn	12/31/2011	9,595,364	4,787,628	4,807,736	4,712,312	First Mortgage	Fee Simple	N/A	N/A	30,525	103,753	46,077
2	(14)	1	The Hallmark At Battery Park	12/31/2011	14,962,247	10,477,458	4,484,789	4,128,652	First Mortgage	Leasehold	6/17/2069	N/A	72,875	929,896	361,615
3	(15)	1	Pine Ridge Of Garfield	12/31/2011	3,820,694	2,156,774	1,663,920	1,663,920	First Mortgage	Fee Simple	N/A	N/A	N/A	15,284	15,284
4	(15)	1	Pine Ridge Of Plumbrook	12/31/2011	3,408,076	2,128,241	1,279,835	1,279,835	First Mortgage	Fee Simple	N/A	N/A	N/A	17,177	17,177
5	(15)	1	Villas Of Shelby	12/31/2011	2,813,935	2,038,177	775,758	775,758	First Mortgage	Fee Simple	N/A	N/A	N/A	10,750	7,963
6	(15)	1	Pine Ridge Of Haves	12/31/2011	2,385,621	1,689,171	696,450	696,450	First Mortgage	Fee Simple	N/A	N/A	N/A	11,648	11,648
7		1	Village At Proprietors Green	12/31/2011	5,481,791	4,967,741	514,050	514,050	First Mortgage	Fee Simple	N/A	N/A	N/A	86,699	46,065
8		1	The Hallmark Of Creve Coeur	12/31/2011	7,754,601	5,328,528	2,426,073	2,426,073	First Mortgage	Fee Simple	N/A	N/A	29,436	306,914	34,102
9		1	Trillium Place	12/31/2011	8,623,217	5,560,568	3,062,649	2,936,817	First Mortgage	Fee Simple	N/A	N/A	8,588	102,308	40,194
10		1	Horizon Bay At Hyde Park	12/31/2011	2,554,074	2,850,809	-296,735	-296,735	First Mortgage	Fee Simple	N/A	N/A	N/A	36,538	18,269
11		1	Harvard Square	12/31/2011	5,393,001	4,029,901	1,363,100	1,363,100	First Mortgage	Fee Simple	N/A	N/A	32,513	103,359	9,396
12		1	Arbor Terrace Peachtree City	12/31/2011	1,783,602	2,273,748	-490,146	-490,146	First Mortgage	Fee Simple	N/A	N/A	N/A	39,717	13,239
13		1	Parkview In Frisco	12/31/2011	4,060,247	3,211,282	848,965	848,965	First Mortgage	Fee Simple	N/A	N/A	N/A	97,610	32,537
14		1	Arbor Terrace At Crabapple	12/31/2011	5,653,271	3,796,492	1,856,779	1,856,779	First Mortgage	Fee Simple	N/A	N/A	25,000	25,887	10,178
15		1	Emeritus At Brea	12/31/2011	3,024,564	2,254,513	770,051	770,051	First Mortgage	Fee Simple	N/A	N/A	N/A	35,434	8,659
16		1	Emeritus At Whittier	12/31/2011	2,086,630	1,569,635	516,996	476,199	First Mortgage	Fee Simple	N/A	N/A	59,730	26,347	6,587
17		1	Balfour Cherrywood Village	12/31/2011	3,416,512	2,597,353	819,159	819,159	First Mortgage	Fee Simple	N/A	N/A	N/A	26,662	2,446

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Insurance Escrow (Initial) ⁽¹⁾	Insurance Escrow (Monthly) ⁽²⁾	Replacement Reserve (Initial)	Replacement Reserve (Monthly)	Replacement			Other Escrow (Initial) ⁽⁷⁾	Other Escrow (Monthly)	Other Escrow Reserve Description ⁽⁸⁾	Springing Reserve Type ⁽⁹⁾	Springing Reserve Amount	Seismic Insurance if PML >= 20% (Yes/No)	Monthly Rent Per Unit
								Reserve - Contractual - Cap (\$ or N/A)	Environmental Escrow ⁽⁷⁾	Reserve - Cap (\$ or N/A)							
1		1	The Meadows Of Glen Elyn	N/A	Springing	N/A	7,952	N/A	N/A	N/A	13,656	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	3,630	
2	(14)	1	The Hallmark At Battery Park	N/A	Springing	N/A	13,237	N/A	N/A	N/A	14,031	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	7,416	
3	(15)	1	Pine Ridge Of Garfield	7,363	3,682	N/A	2,925	N/A	N/A	N/A	1,752	Replacement External Rate Cap Reserve	N/A	N/A	No	2,985	
4	(15)	1	Pine Ridge Of Plumbrook	7,188	3,594	N/A	3,304	N/A	N/A	N/A	1,752	Replacement External Rate Cap Reserve	N/A	N/A	No	2,595	
5	(15)	1	Villas Of Shelby	7,067	3,534	N/A	3,423	N/A	N/A	N/A	1,752	Replacement External Rate Cap Reserve	N/A	N/A	No	2,353	
6	(15)	1	Pine Ridge Of Haves	4,800	2,400	N/A	2,125	N/A	N/A	N/A	1,752	Replacement External Rate Cap Reserve	N/A	N/A	No	2,401	
7		1	Village At Proprietors Green	N/A	Springing	N/A	3,725	N/A	N/A	50,000	N/A	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	5,294	
8		1	The Hallmark Of Creve Coeur	N/A	Springing	N/A	9,592	N/A	N/A	N/A	3,344	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	3,818	
9		1	Trillium Place	N/A	Springing	N/A	10,486	N/A	N/A	N/A	3,219	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	4,030	
10		1	Horizon Bay At Hyde Park	N/A	Springing	N/A	3,400	N/A	N/A	N/A	N/A	N/A	Insurance Reserve	N/A	No	4,324	
11		1	Harvard Square	N/A	Springing	N/A	5,371	N/A	N/A	80,000	N/A	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	2,640	
12		1	Arbor Terrace Peachtree City	N/A	Springing	N/A	3,625	N/A	N/A	57,500	N/A	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	5,551	
13		1	Parkview In Frisco	N/A	Springing	N/A	4,208	N/A	N/A	72,500	N/A	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	2,531	
14		1	Arbor Terrace At Crabapple	47,028	7,466	N/A	2,325	N/A	N/A	N/A	N/A	N/A	N/A	N/A	No	5,161	
15		1	Emeritus At Brea	N/A	Springing	N/A	4,459	N/A	N/A	N/A	1,714	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	2,497	
16		1	Emeritus At Whittier	N/A	Springing	N/A	3,407	N/A	N/A	N/A	1,286	Replacement External Rate Cap Reserve	Insurance Reserve	N/A	No	2,191	
17		1	Balfour Cherrywood Village	N/A	Springing	N/A	1,150	N/A	N/A	N/A	N/A	N/A	Insurance Reserve	N/A	No	6,819	

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	Additional Financing In Place (existing) (Yes/No)	Additional Financing Amount (existing)	Additional Financing Description (existing)	Future Supplemental Financing (Yes/No)	Future Supplemental Financing Description ⁽¹⁹⁾
1		1	The Meadows Of Glen Ellyn	No	N/A	N/A	Yes	(i) maximum combined LTV of 72.0%, (ii) minimum combined DSCR of 1.15x for independent living and 1.20x for assisted living (based on amortizing debt service calculated using the Interest Rate Cap)
2	(14)	1	The Hallmark At Battery Park	No	N/A	N/A	Yes	(i) maximum combined LTV of 59.0%, (ii) minimum combined DSCR of 1.15x (based on amortizing debt service calculated using the Interest Rate Cap)
3	(15)	1	Pine Ridge Of Garfield	No	N/A	N/A	Yes	(i) maximum combined LTV of 60.0%, (ii) minimum combined DSCR of 1.15x (based on amortizing debt service calculated using the Interest Rate Cap)
4	(15)	1	Pine Ridge Of Plumbrook	No	N/A	N/A	Yes	(i) maximum combined LTV of 60.0%, (ii) minimum combined DSCR of 1.15x (based on amortizing debt service calculated using the Interest Rate Cap)
5	(15)	1	Villas Of Shelby	No	N/A	N/A	Yes	(i) maximum combined LTV of 56.0%, (ii) minimum combined DSCR of 1.15x (based on amortizing debt service calculated using the Interest Rate Cap)
6	(15)	1	Pine Ridge Of Haves	No	N/A	N/A	Yes	(i) maximum combined LTV of 60.0%, (ii) minimum combined DSCR of 1.15x (based on amortizing debt service calculated using the Interest Rate Cap)
7		1	Village At Proprietors Green	No	N/A	N/A	Yes	(i) maximum combined LTV of 65.0%, (ii) minimum combined DSCR of 1.15x for properties classified as independent living and 1.20x for properties classified as assisted living (based on amortizing debt service calculated using the Interest Rate Cap)
8		1	The Hallmark Of Creve Coeur	No	N/A	N/A	Yes	(i) maximum combined LTV of 75.0%, (ii) minimum combined DSCR of 1.15x for properties classified as independent living and 1.20x for properties classified as assisted living (based on amortizing debt service calculated using the Interest Rate Cap)
9		1	Trillium Place	No	N/A	N/A	Yes	(i) maximum combined LTV of 75.0%, (ii) minimum combined DSCR of 1.15x for properties classified as independent living and 1.20x for properties classified as assisted living (based on amortizing debt service calculated using the Interest Rate Cap)
10		1	Horizon Bay At Hyde Park	No	N/A	N/A	Yes	(i) maximum combined LTV of 60.0%, (ii) minimum combined DSCR of 1.15x for properties classified as independent living and 1.20x for properties classified as assisted living (based on amortizing debt service calculated using the current interest rate)
11		1	Harvard Square	No	N/A	N/A	Yes	(i) maximum combined LTV of 70.0%, (ii) minimum combined DSCR of 1.15x for properties classified as independent living and 1.20x for properties classified as assisted living (based on amortizing debt service calculated using the Interest Rate Cap)
12		1	Arbor Terrace Peachtree City	No	N/A	N/A	Yes	(i) maximum combined LTV of 62.0%, (ii) minimum combined DSCR of 1.15x for properties classified as independent living and 1.20x for properties classified as assisted living (based on amortizing debt service calculated using the Interest Rate Cap)
13		1	Parkview In Frisco	No	N/A	N/A	Yes	(i) maximum combined LTV of 52.0%, (ii) minimum combined DSCR of 1.15x (based on amortizing debt service calculated using the Interest Rate Cap)
14		1	Arbor Terrace At Crabapple	No	N/A	N/A	Yes	(i) maximum combined LTV of 57.0%, (ii) minimum combined DSCR of 1.20x (based on debt service calculated using the current interest rate)
15		1	Emeritus At Brea	No	N/A	N/A	Yes	(i) maximum combined LTV of 72.0%, (ii) minimum combined DSCR of 1.20x (based on amortizing debt service calculated using the Interest Rate Cap)
16		1	Emeritus At Whittier	No	N/A	N/A	Yes	(i) maximum combined LTV of 72.0%, (ii) minimum combined DSCR of 1.20x (based on amortizing debt service calculated using the Interest Rate Cap)
17		1	Balfour Cherrywood Village	No	N/A	N/A	Yes	(i) maximum combined LTV of 60.0%, (ii) minimum combined DSCR of 1.20x (based on amortizing debt service calculated using the Interest Rate Cap)

Loan No. / Property No.	Footnotes	Number of Properties	Property Name	UW Medicaid Income	UW Medicaid Income as % of EGI	Most Recent Medicaid Income	Most Recent Medicaid Income as % of EGI	Most Recent Medicaid Income End Date	Independent Living Units as % of Total Units ⁽¹⁾⁽¹⁾⁽²⁾	Assisted Living Units as % of Total Units ⁽¹⁾⁽¹⁾⁽²⁾	Alzheimer's/Memory Care Units as % of Total Units ⁽¹⁾⁽¹⁾⁽²⁾⁽¹⁾⁽³⁾
1		1	The Meadows Of Glen Ellyn	0	0.0%	0	0.0%	N/A	75.0%	25.0%	0.0%
2	(14)	1	The Hallmark At Battery Park	0	0.0%	0	0.0%	N/A	100.0%	0.0%	0.0%
3	(15)	1	Pine Ridge Of Garfield	0	0.0%	0	0.0%	N/A	100.0%	0.0%	0.0%
4	(15)	1	Pine Ridge Of Plumbrook	0	0.0%	0	0.0%	N/A	100.0%	0.0%	0.0%
5	(15)	1	Villas Of Shelby	0	0.0%	0	0.0%	N/A	100.0%	0.0%	0.0%
6	(15)	1	Pine Ridge Of Haves	0	0.0%	0	0.0%	N/A	100.0%	0.0%	0.0%
7		1	Village At Proprietors Green	0	0.0%	0	0.0%	N/A	53.0%	31.0%	16.0%
8		1	The Hallmark Of Creve Coeur	0	0.0%	0	0.0%	N/A	81.0%	19.0%	0.0%
9		1	Trillium Place	0	0.0%	0	0.0%	N/A	72.0%	28.0%	0.0%
10		1	Horizon Bay At Hyde Park	0	0.0%	0	0.0%	N/A	31.0%	69.0%	0.0%
11		1	Harvard Square	0	0.0%	0	0.0%	N/A	22.4%	77.6%	0.0%
12		1	Arbor Terrace Peachtree City	0	0.0%	0	0.0%	N/A	77.2%	22.8%	0.0%
13		1	Parkview In Frisco	0	0.0%	0	0.0%	N/A	100.0%	0.0%	0.0%
14		1	Arbor Terrace At Crabapple	0	0.0%	0	0.0%	N/A	0.0%	72.0%	28.0%
15		1	Emeritus At Brea	0	0.0%	0	0.0%	N/A	0.0%	100.0%	0.0%
16		1	Emeritus At Whittier	0	0.0%	0	0.0%	N/A	0.0%	100.0%	0.0%
17		1	Balfour Cherrywood Village	0	0.0%	0	0.0%	N/A	0.0%	0.0%	100.0%

Footnotes to Exhibit A-1

- (1) The related groups of underlying mortgage loans were made to separate borrowers under common ownership.

For discussion of the risks associated with related borrower loans, see "*Risk Factors - Risks Related to the Underlying Mortgage Loans*" in this Information Circular.

- (2) The Administration Fee Rate includes the master servicing fee rate, sub-servicing fee rate, trustee fee rate and the certificate administrator fee rate applicable to each underlying mortgage loan.
- (3) All underlying mortgage loans accrue interest from the first day to the last day of the respective month prior to any scheduled payment date. For each interest accrual period, LIBOR is determined on the first day preceding the beginning of such interest accrual period for which LIBOR has been released by the IBA.
- (4) The LIBOR Cap Strike Price is the strike price for the LIBOR cap agreement that the respective borrower has pledged as collateral for the underlying mortgage loan. The LIBOR cap agreement requires the cap counterparty to make payments to the trust upon the occurrence of an increase in LIBOR over the LIBOR Cap Strike Price.
- (5) Monthly Debt Service Amount (Amortizing) for amortizing loans without an interest-only period is calculated based on the Cut-Off Date Loan Amount, the Amortization Term (Remaining) and an assumed LIBOR of 0.20%.

Monthly Debt Service Amount (Amortizing) shown for underlying mortgage loans with partial interest-only periods reflects such amount payable after expiration of the interest-only period and is calculated based on the Cut-Off Date Loan Amount, the Amortization Term (Remaining) and an assumed LIBOR of 0.20%.

Monthly Debt Service Amount (Amortizing) shown for full-term interest-only loans is the Monthly Debt Service Amount (IO).

Monthly Debt Service Amount (IO) is calculated based on the Original Loan Amount, Accrual Basis divided by 12 months and an assumed LIBOR of 0.20%.

Projected First Monthly Payment to Trust for loans that require payments of principal and interest as of the Cut-Off Date is calculated based on the Cut-Off Date Loan Amount, the Amortization Term (Remaining) and an assumed LIBOR of 0.1505%. Projected First Monthly Payment to Trust for loans which require interest-only payments as of the Cut-Off Date is calculated based on the Original Loan Amount, Accrual Basis divided by 12 months and an assumed LIBOR of 0.1505%.

Monthly Debt Service Amount (at Cap) is calculated based on the Cut-Off Date Loan Amount, the Amortization Term (Remaining) and the Rate Cap (Lifetime) or LIBOR Cap Strike Price plus the Margin for amortizing and partial interest-only loans. Two mortgage loans, Horizon Bay At Hyde Park and Arbor Terrace At Crabapple, do not contain LIBOR Caps.

- (6) Prepayment Provision is shown from the respective mortgage loan origination date.

All of the mortgage loan documents permit the borrower to prepay the related loans without payment of a static prepayment premium on or after the 12th, 36th or 60th installment due date, provided the loans are prepaid using the proceeds of a fixed interest rate mortgage loan that is the subject of a binding commitment for purchase between Freddie Mac and a Freddie Mac-approved Program Plus Seller/Servicer. The Prepayment Provision characteristic for these mortgage loans does not reflect this prepayment option.

- (7) Initial Escrow Balances are as of the related loan closing date, not as of the Cut-Off Date.
- (8) With respect to Insurance Escrow (Monthly), springing Insurance Escrow (Monthly) commence upon (i) event of default, (ii) origination of supplemental mortgage (iii) non-payment of imposition deposit on time, (iv) failure to provide proof of payment, or (v) the event of transfer prohibited by or requiring the Lender's approval under Article VII of the Multifamily Loan and Security Instrument, where applicable.

- (9) With respect to the Replacement External Rate Cap Reserve, generally the related borrower is required to make an initial or monthly deposit to be used for the purchase of a Replacement Cap Agreement upon the expiration of the Replacement Cap Agreement in place as of the Cut-Off Date for the related mortgage loan. The escrow deposit will be recomputed semi-annually or annually, as defined in the related mortgage loan documents, based on the lender's estimation of the cost of the Replacement Cap Agreement. The Replacement Cap Agreement must be made with a provider approved by the lender.
- (10) With respect to Future Supplemental Financing Description, other than the required maximum combined LTV and minimum combined DSCR, calculated at the LIBOR Cap Strike Price where applicable, the loan documents also require (i) Freddie Mac approval, (ii) at least 12 months after first mortgage and (iii) certain other conditions of the security instrument or loan agreement, where applicable.
- (11) With respect to unit mix, the number of Independent Living, Assisted Living, Alzheimer's/Memory Care and skilled nursing units are established at closing. Borrowers are able to increase the number of total units dedicated to assisted living or independent living by 10% of the total number of units as of the related loan closing date without lender approval.
- (12) With respect to unit mix, as of the related loan closing date and the most recent Occupancy As of Date, there are no skilled nursing units at the properties. Additionally, borrowers cannot provide or contract to provide skilled nursing services without prior written consent of the lender.
- (13) With respect to unit mix, Alzheimer's/Memory Care units at each property are dedicated to providing care services for Alzheimer's disease, memory conditions and other dementias at the time of original underwriting.
- (14) With respect to Title Vesting (Fee/Leasehold/Both) for The Hallmark At Battery Park, the property is subject to a sublease agreement between the borrower and the Battery Park City Authority, as master tenant under a ground lease from the BPC Development Corporation, as master landlord. The borrower's sublease interest expires on June 17, 2069, one day prior to the expiration of the related master lease. Pursuant to the sublease, rental payments are generally equal to the greater of 10.0% of net cash flow or a minimum base rent which is fixed pursuant to a schedule provided in the sublease. Pursuant to the ground lease, the minimum base rent for the year 2014 is equal to \$314,275, and is subject to increase pursuant to the rent schedule up to an amount of \$442,216 in the year 2021. After 2021, the rental payments adjust every fifteen (15) years based on the greater of 6.0% of market land value based on an appraisal and a set percentage (which increases during the term) multiplied by the prior year's base rent. With respect to the master lease agreement, the mortgaged real property is subject to a payment-in-lieu of taxes ("PILOT") agreement pursuant to which payments in lieu of taxes are made to the Battery Park City Authority. The master tenant is required to pay the greater of the PILOT or a stated PILOT fee for the respective tax year as described in a minimum PILOT payment schedule provided in the master lease. The PILOT payments are payable in equal semi-annual installments during the tax year, in advance of the first day of each January and July.
- (15) With respect to Originator, KeyBank National Association is successor to KeyCorp Real Estate Capital Markets, Inc.

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EXHIBIT A-2

CERTAIN MORTGAGE POOL INFORMATION

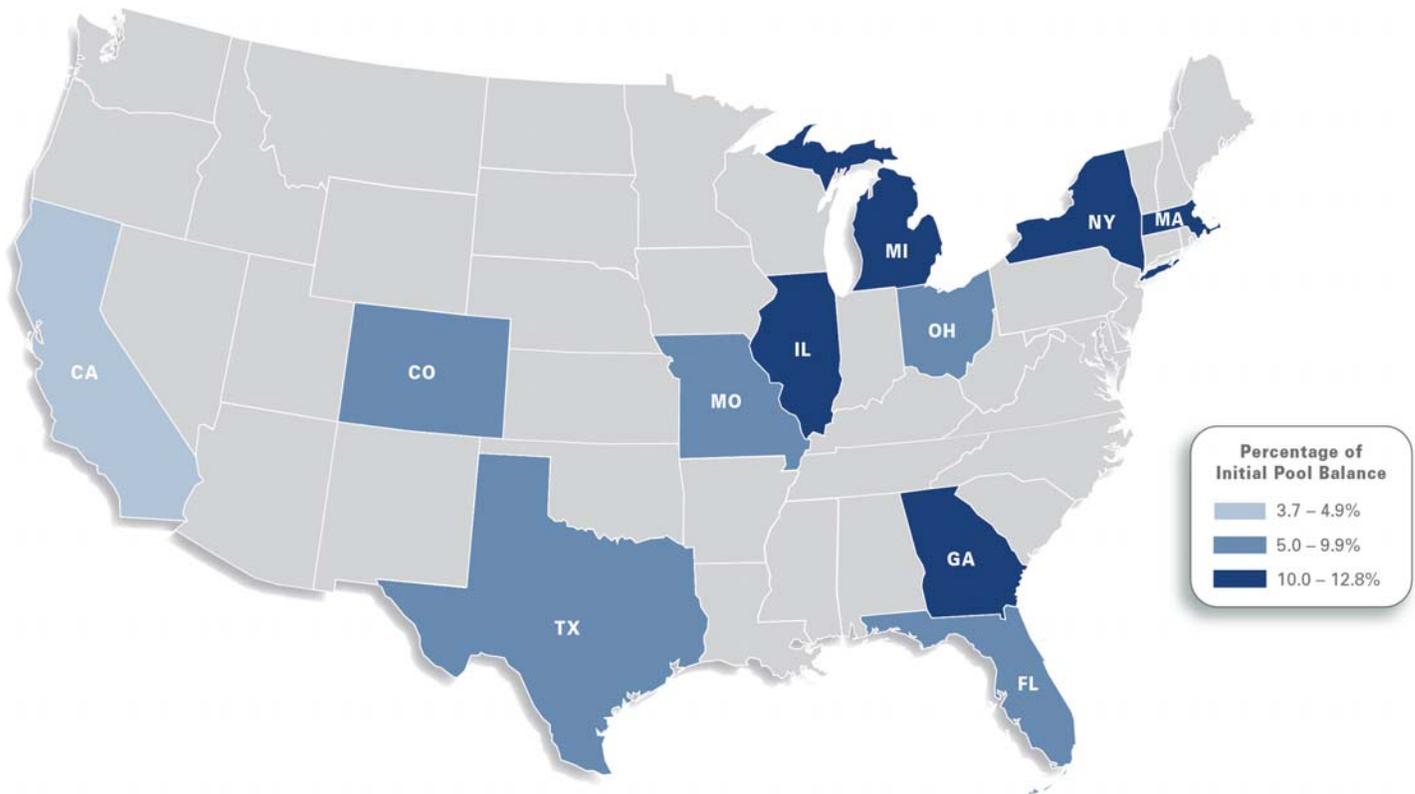
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Ten Largest Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans

Loan Name	Number of Mortgaged Properties	Property Sub-Type	Location	Cut-off Date Principal Balance	% of Initial Mortgage Pool		Underwritten DSCR	Underwritten DSCR at Cap	Cut-off Date LTV Ratio	Margin
					Balance	Balance				
The Meadows Of Glen Ellyn	1	Independent Living	Glen Ellyn, IL	\$49,184,345	12.8%	1.87x	1.30x	68.5%	2.660%	
The Hallmark At Battery Park	1	Independent Living	New York, NY	46,402,750	12.1	1.73x	1.24x	57.4%	2.880%	
Michigan Independent Living Portfolio	4	Independent Living	Various	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%	
Village At Proprietors Green	1	Independent Living	Marshfield, MA	38,350,000	10.0	1.68x	1.10x	65.0%	2.450%	
The Hallmark Of Creve Coeur	1	Independent Living	Creve Coeur, MO	37,793,285	9.8	1.82x	1.20x	73.7%	2.260%	
Trillium Place	1	Independent Living	Columbus, OH	35,970,095	9.4	1.83x	1.22x	73.7%	2.310%	
Horizon Bay At Hyde Park	1	Assisted Living	Tampa, FL	35,000,000	9.1	1.92x	N/A	59.9%	2.900%	
Harvard Square	1	Assisted Living	Denver, CO	21,500,000	5.6	1.68x	1.20x	69.1%	2.920%	
Arbor Terrace Peachtree City	1	Independent Living	Peachtree City, GA	20,700,000	5.4	1.62x	1.17x	61.4%	3.020%	
Parkview In Frisco	1	Independent Living	Frisco, TX	20,000,000	5.2	1.60x	1.16x	51.7%	3.040%	
Top 10 - Total / Wtd. Average	13			\$344,754,079	89.8%	1.84x	1.24x	64.3%	2.646%	

Geographic Distribution

Property Location	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Illinois	1	\$49,184,345	12.8%	1.87x	1.30x	68.5%	2.660%
New York	1	46,402,750	12.1	1.73x	1.24x	57.4%	2.880%
Michigan	4	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%
Georgia	2	39,200,000	10.2	2.34x	1.17x	59.2%	3.006%
Massachusetts	1	38,350,000	10.0	1.68x	1.10x	65.0%	2.450%
Missouri	1	37,793,285	9.8	1.82x	1.20x	73.7%	2.260%
Ohio	1	35,970,095	9.4	1.83x	1.22x	73.7%	2.310%
Florida	1	35,000,000	9.1	1.92x	N/A	59.9%	2.900%
Colorado	2	27,928,096	7.3	1.81x	1.29x	66.4%	2.888%
Texas	1	20,000,000	5.2	1.60x	1.16x	51.7%	3.040%
California	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
<i>Southern California</i>	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%



Mortgage Pool Cut-off Date Principal Balances

Range of Cut-off Date Balances	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
\$5,468,847 - \$9,999,999	5	\$35,641,058	9.3%	2.10x	1.41x	63.1%	2.873%
\$10,000,000 - \$14,999,999	2	24,890,642	6.5	2.39x	1.46x	57.8%	2.450%
\$15,000,000 - \$19,999,999	1	18,500,000	4.8	3.14x	N/A	56.7%	2.990%
\$20,000,000 - \$24,999,999	3	62,200,000	16.2	1.63x	1.18x	60.9%	2.992%
\$25,000,000 - \$44,999,999	4	147,113,380	38.3	1.81x	1.17x	68.1%	2.474%
\$45,000,000 - \$49,184,345	2	95,587,095	24.9	1.80x	1.27x	63.1%	2.767%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Underwritten Debt Service Coverage Ratios

Range of Underwritten DSCRs	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
1.60x - 1.69x	4	\$100,550,000	26.2%	1.65x	1.15x	62.5%	2.785%
1.70x - 1.79x	3	60,652,750	15.8	1.73x	1.25x	60.6%	2.993%
1.80x - 1.89x	3	122,947,725	32.0	1.84x	1.25x	71.6%	2.435%
1.90x - 1.99x	1	35,000,000	9.1	1.92x	N/A	59.9%	2.900%
2.00x - 2.24x	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
2.25x - 2.49x	4	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%
2.50x - 3.14x	1	18,500,000	4.8	3.14x	N/A	56.7%	2.990%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Cut-off Date Loan-to-Value Ratios

Range of Cut-off Date LTV Ratios	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
51.7% - 54.9%	1	\$20,000,000	5.2%	1.60x	1.16x	51.7%	3.040%
55.0% - 59.9%	8	146,184,450	38.1	2.16x	1.36x	58.0%	2.777%
60.0% - 64.9%	1	20,700,000	5.4	1.62x	1.17x	61.4%	3.020%
65.0% - 69.9%	3	109,034,345	28.4	1.77x	1.21x	67.4%	2.637%
70.0% - 73.7%	4	88,013,380	22.9	1.81x	1.22x	73.3%	2.459%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Maturity Date Loan-to-Value Ratios

Range of Maturity Date LTV Ratios	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Maturity Date LTV Ratio	Weighted Average Margin
44.6% - 44.9%	1	\$46,402,750	12.1%	1.73x	1.24x	44.6%	2.880%
45.0% - 49.9%	6	66,281,700	17.3	2.14x	1.38x	48.6%	2.660%
50.0% - 54.9%	2	84,184,345	21.9	1.89x	1.30x	53.7%	2.760%
55.0% - 59.9%	3	77,550,000	20.2	2.01x	1.12x	57.9%	2.731%
60.0% - 63.3%	5	109,513,380	28.5	1.78x	1.22x	62.5%	2.549%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	55.1%	2.691%

Mortgage Pool Margin Rates

Range of Margins	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
2.260% - 2.499%	7	\$151,966,983	39.6%	1.94x	1.25x	67.3%	2.370%
2.500% - 2.749%	1	49,184,345	12.8	1.87x	1.30x	68.5%	2.660%
2.750% - 2.999%	5	127,830,846	33.3	2.00x	1.26x	60.0%	2.903%
3.000% - 3.249%	2	40,700,000	10.6	1.61x	1.17x	56.6%	3.030%
3.250% - 3.360%	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Rate Cap Status

Rate Cap Status	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin Rate
Third Party LIBOR Cap	15	\$330,432,175	86.1%	1.84x	1.25x	64.9%	2.652%
Uncapped	2	53,500,000	13.9	2.34x	N/A	58.8%	2.931%
Total / Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool LIBOR Cap Strike Prices

Range of LIBOR Cap Strike Prices	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Uncapped	2	\$53,500,000	13.9%	2.34x	N/A	58.8%	2.931%
2.740% - 2.749%	2	14,250,000	3.7	1.72x	1.28x	71.2%	3.360%
2.750% - 2.999%	2	40,700,000	10.6	1.61x	1.17x	56.6%	3.030%
3.000% - 3.249%	3	74,330,846	19.4	1.76x	1.26x	60.8%	2.883%
3.250% - 3.499%	1	49,184,345	12.8	1.87x	1.30x	68.5%	2.660%
3.500% - 4.499%	3	112,113,380	29.2	1.78x	1.17x	70.7%	2.341%
4.500% - 4.550%	4	39,853,604	10.4	2.39x	1.46x	57.8%	2.450%
Total / Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Original Term to Maturity

Original Term to Maturity (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
60	1	\$38,350,000	10.0%	1.68x	1.10x	65.0%	2.450%
84	14	249,995,079	65.1	1.98x	1.27x	64.2%	2.699%
120	2	95,587,095	24.9	1.80x	1.27x	63.1%	2.767%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Remaining Term to Maturity

Remaining Term to Maturity (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
55 - 60	1	\$38,350,000	10.0%	1.68x	1.10x	65.0%	2.450%
61 - 70	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
71 - 75	2	73,763,380	19.2	1.82x	1.21x	73.7%	2.284%
76 - 80	9	128,303,604	33.4	2.17x	1.35x	60.3%	2.844%
81 - 85	2	41,500,000	10.8	1.64x	1.18x	60.7%	2.978%
86 - 111	2	95,587,095	24.9	1.80x	1.27x	63.1%	2.767%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Original Amortization Term

Original Amortization Term (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Interest Only	1	\$18,500,000	4.8%	3.14x	N/A	56.7%	2.990%
360	16	365,432,175	95.2	1.85x	1.25x	64.4%	2.676%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Remaining Amortization Term

Remaining Amortization Term (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Interest Only	1	\$18,500,000	4.8%	3.14x	N/A	56.7%	2.990%
345 - 350	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
351 - 355	8	209,204,079	54.5	1.92x	1.29x	65.8%	2.536%
356 - 360	7	149,800,000	39.0	1.72x	1.16x	62.7%	2.867%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Seasoning

Seasoning (months)	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
2	1	\$20,000,000	5.2%	1.60x	1.16x	51.7%	3.040%
3 - 4	4	56,450,000	14.7	1.67x	1.21x	66.8%	3.068%
5 - 6	2	73,350,000	19.1	1.79x	1.10x	62.6%	2.665%
7 - 8	5	58,353,604	15.2	2.63x	1.46x	57.5%	2.621%
9 - 10	4	169,350,475	44.1	1.81x	1.24x	67.7%	2.557%
11 - 15	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Amortization Type

Amortization Type	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Balloon	9	\$215,632,175	56.2%	1.93x	1.29x	65.6%	2.544%
Partial IO	7	149,800,000	39.0	1.72x	1.16x	62.7%	2.867%
Interest Only	1	18,500,000	4.8	3.14x	N/A	56.7%	2.990%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Loan Purpose

Loan Purpose	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Refinance	12	\$276,954,079	72.1%	1.99x	1.29x	64.7%	2.655%
Acquisition	5	106,978,096	27.9	1.69x	1.17x	62.2%	2.785%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Prepayment Protection

Prepayment Protection	Number of Mortgage Loans	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Lockout Followed by 2% then 1% Penalty	5	\$207,700,475	54.1%	1.79x	1.22x	67.2%	2.537%
Lockout Followed by 1% Penalty	6	93,353,604	24.3	2.36x	1.46x	58.4%	2.726%
5%, 4%, 3%, 2%, then 1% Penalty	2	41,500,000	10.8	1.64x	1.18x	60.7%	2.978%
3%, 2%, then 1% Penalty	4	41,378,096	10.8	1.75x	1.27x	64.2%	3.100%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Property Sub-Type

Property SubType	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
Independent Living	11	\$288,254,079	75.1%	1.85x	1.24x	64.4%	2.595%
Assisted Living	6	95,678,096	24.9	2.09x	1.29x	62.9%	2.982%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Current Occupancy

Range of Current Occupancy	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
75.5% - 84.9%	1	\$8,400,000	2.2%	1.72x	1.28x	71.2%	3.360%
85.0% - 89.9%	2	55,970,095	14.6	1.75x	1.20x	65.8%	2.571%
90.0% - 94.9%	5	97,124,054	25.3	1.79x	1.20x	63.9%	2.676%
95.0% - 99.9%	8	187,438,026	48.8	2.02x	1.29x	64.0%	2.666%
100.0%	1	35,000,000	9.1	1.92x	N/A	59.9%	2.900%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Year Built / Renovated

Most Recent Year Built / Renovated	Number of Mortgaged Properties	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Weighted Average Underwritten DSCR	Weighted Average Underwritten DSCR at Cap	Weighted Average Cut-off Date LTV Ratio	Weighted Average Margin
1974 - 1984	1	\$5,850,000	1.5%	1.72x	1.28x	71.2%	3.360%
1985 - 1994	1	8,400,000	2.2	1.72x	1.28x	71.2%	3.360%
1995 - 1999	1	6,428,096	1.7	2.24x	1.59x	57.5%	2.780%
2000 - 2004	5	180,455,682	47.0	1.85x	1.26x	67.1%	2.550%
2005 - 2009	6	88,748,396	23.1	2.20x	1.30x	58.9%	2.809%
2010 - 2012	3	94,050,000	24.5	1.76x	1.12x	62.3%	2.743%
Total/Wtd. Average	17	\$383,932,175	100.0%	1.91x	1.25x	64.0%	2.691%

Mortgage Pool Property Tenant Concentration⁽¹⁾

Mortgaged Property	Cut-off Date Principal Balance	% of Initial Mortgage Pool Balance	Public vs. Private Pay	Independent Living % of Tenant Concentration	Assisted Living % of Tenant Concentration	Memory Care % of Tenant Concentration ⁽²⁾
The Meadows Of Glen Ellyn	\$49,184,345	12.8%	Private	75.0%	25.0%	0.0%
The Hallmark At Battery Park	46,402,750	12.1	Private	100.0%	0.0%	0.0%
Pine Ridge Of Garfield ⁽³⁾	13,785,435	3.6	Private	100.0%	0.0%	0.0%
Pine Ridge Of Plumbrook ⁽³⁾	11,105,207	2.9	Private	100.0%	0.0%	0.0%
Villas Of Shelby ⁽³⁾	9,494,115	2.5	Private	100.0%	0.0%	0.0%
Pine Ridge Of Hayes ⁽³⁾	5,468,847	1.4	Private	100.0%	0.0%	0.0%
Village At Proprietors Green	38,350,000	10.0	Private	53.0%	31.0%	16.0%
The Hallmark Of Creve Coeur	37,793,285	9.8	Private	81.0%	19.0%	0.0%
Trillium Place	35,970,095	9.4	Private	72.0%	28.0%	0.0%
Horizon Bay At Hyde Park	35,000,000	9.1	Private	31.0%	69.0%	0.0%
Harvard Square	21,500,000	5.6	Private	22.4%	77.6%	0.0%
Arbor Terrace Peachtree City	20,700,000	5.4	Private	77.2%	22.8%	0.0%
Parkview In Frisco	20,000,000	5.2	Private	100.0%	0.0%	0.0%
Arbor Terrace At Crabapple	18,500,000	4.8	Private	0.0%	72.0%	28.0%
Emeritus At Brea ⁽⁴⁾	8,400,000	2.2	Private	0.0%	100.0%	0.0%
Emeritus At Whittier ⁽⁴⁾	5,850,000	1.5	Private	0.0%	100.0%	0.0%
Balfour Cherrywood Village	6,428,096	1.7	Private	0.0%	0.0%	100.0%
Total / Wtd. Average	\$383,932,175	100.0%		65.5%	29.8%	4.6%

(1) Based on information available at the time of original underwriting.

(2) This tenant concentration consists of the percentage of units at each property that are dedicated to Alzheimer's disease, memory conditions and other dementias at the time of original underwriting.

(3) The Pine Ridge Of Garfield, Pine Ridge Of Plumbrook, Villas Of Shelby and Pine Ridge Of Hayes mortgage loans are cross-collateralized and cross-defaulted with each other.

(4) The Emeritus At Brea and Emeritus At Whittier mortgage loans are cross-collateralized and cross-defaulted with each other.

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EXHIBIT A-3

**DESCRIPTION OF THE TOP TEN MORTGAGE LOANS OR GROUPS OF CROSS-COLLATERALIZED MORTGAGE
LOANS**

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Description of the Top Ten Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans

1. The Meadows Of Glen Ellyn



Original Principal Balance:	\$49,975,000			
Cut-off Date Principal Balance:	\$49,184,345			
Maturity Date Principal Balance:	\$37,942,511			
% of Initial Mortgage Pool Balance:	12.8%			
Loan Purpose:	Refinance			
Interest Rate:	L+2.660%			
LIBOR Strike Price / Cap Provider	3.340% / Barclays Bank PLC			
First Payment Date:	September 1, 2013			
Maturity Date:	August 1, 2023			
Amortization:	30-year schedule			
Call Protection:	L(11) 2%(60) 1%(45) O(4)			
Cash Management:	N/A			
Cut-off Date Principal Balance / Unit:	\$219,573			
Maturity Date Principal Balance / Unit:	\$169,386			
Cut-off Date LTV:	68.5%			
Maturity Date LTV:	52.8%			
Underwritten DSCR / DSCR at Cap:	1.87x / 1.30x			
# of Units:	224			
Collateral:	Fee Simple			
Location:	Glen Ellyn, IL			
Property Sub-type:	Independent Living			
Year Built / Renovated:	2000 / N/A			
Occupancy:	2013 (T-6)	2012	2011	2010
	95.0%	96.4%	93.9%	94.0%
Underwritten / Most Recent NCF:	\$4,647,533 / \$5,160,927			
Avg. Effective Ann. Rent/Unit:	2013 (T-6)	2012	2011	2010
	\$41,777	\$40,406	\$39,160	\$38,338

Generally. The underlying mortgage loan (“The Meadows Of Glen Ellyn Mortgage Loan”) is secured by one mortgaged real property operated as an independent living facility that offers independent living and assisted living care services to residents. The property, which was developed by the sponsor in 2000, is improved with a five-story apartment building and a one-story parking garage and is situated on approximately 8.2 acres of land.

Property Management. Brookdale Living Communities of Illinois-GE, Inc., an affiliate of the sponsor, is the property manager for the mortgaged real property securing The Meadows Of Glen Ellyn Mortgage Loan.

Competitive Conditions. The Meadows Of Glen Ellyn property is located in the city of Glen Ellyn, DuPage County, within the Chicago MSA. The mortgaged real property is one (1) of six (6) comparable independent living facilities serving the same sub-market.

Tenant Concentration. At the time of underwriting, the tenant concentration was 75.0% independent living and 25.0% assisted living.

2. The Hallmark At Battery Park



Original Principal Balance:	\$47,120,000
Cut-off Date Principal Balance:	\$46,402,750
Maturity Date Principal Balance:	\$36,085,058
% of Initial Mortgage Pool Balance:	12.1%
Loan Purpose:	Refinance
Interest Rate:	L+2.880%
LIBOR Strike Price / Cap Provider	3.120% / Barclays Bank PLC
First Payment Date:	September 1, 2013
Maturity Date:	August 1, 2023
Amortization:	30-year schedule
Call Protection:	L(11) 2%(48) 1%(57) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$213,838
Maturity Date Principal Balance / Unit:	\$166,291
Cut-off Date LTV:	57.4%
Maturity Date LTV:	44.6%
Underwritten DSCR / DSCR at Cap:	1.73x / 1.24x
# of Units:	217
Collateral:	Leasehold
Location:	New York, NY
Property Sub-type:	Independent Living
Year Built / Renovated:	2000 / N/A
Occupancy:	2013 (T-6) 2012 2011 2010
	90.3% 91.7% 85.2% 86.6%
Underwritten / Most Recent NCF:	\$4,178,083 / \$5,171,070
Avg. Effective Ann. Rent/Unit:	2013 (T-6) 2012 2011 2010
	\$81,469 \$78,154 \$76,615 \$74,766

Generally. The underlying mortgage loan (“The Hallmark At Battery Park Mortgage Loan”) is secured by one mortgaged real property operated as an independent living facility that offers various common area and unit amenities to residents. The property, which was developed by the sponsor in 2000, is improved with a 14-story, 217-unit apartment building and is situated on approximately 0.5 acres of land.

Property Management. Brookdale Living Communities of New York – BPC, Inc., an affiliate of the sponsor, is the property manager for the mortgaged real property securing The Hallmark At Battery Park Mortgage Loan.

Competitive Conditions. The Hallmark At Battery Park property is located in the city of New York, New York County, within the New York MSA. The mortgaged real property is one (1) of seven (7) comparable independent living facilities located in or near the Manhattan market.

Tenant Concentration. At the time of underwriting, the tenant concentration was 100.0% independent living.

3. Michigan Independent Living Portfolio⁽¹⁾



Original Principal Balance:	\$40,445,000
Cut-off Date Principal Balance:	\$39,853,604
Maturity Date Principal Balance:	\$33,742,987
% of Initial Mortgage Pool Balance:	10.4%
Loan Purpose:	Refinance
Interest Rate:	L+2.450%
LIBOR Strike Price / Cap Provider	4.550% / The Bank of New York Mellon
First Payment Date:	October 1, 2013
Maturity Date:	September 1, 2020
Amortization:	30-year schedule
Call Protection:	L(11) 1%(69) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$87,398
Maturity Date Principal Balance / Unit:	\$73,998
Cut-off Date LTV:	57.8%
Maturity Date LTV:	49.0%
Underwritten DSCR / DSCR at Cap:	2.39x / 1.46x
# of Units:	456
Collateral:	Fee Simple
Location:	Clinton Township, Sterling Heights and Shelby Township, MI
Property Sub-type:	Independent Living
Year Built / Renovated:	Various
Occupancy:	2013 2012 2011 2010
Pine Ridge Of Garfield	98.2% 97.1% 98.4% 92.9%
Pine Ridge Of Plumbrook	94.2% 96.5% 95.7% 86.2%
Villas Of Shelby	93.7% 91.8% 86.6% 82.8%
Pine Ridge Of Hayes	95.0% 93.9% 97.7% 95.0%
Underwritten / Most Recent NCF:	\$4,681,835 / \$5,421,805
Avg. Effective Ann. Rent/Unit:	2013 2012 2011 2010
Pine Ridge Of Garfield	\$34,583 \$33,472 \$32,434 \$31,426
Pine Ridge Of Plumbrook	\$30,195 \$29,506 \$29,061 \$29,889
Villas Of Shelby	\$26,374 \$24,795 \$22,560 \$21,262
Pine Ridge Of Hayes	\$29,540 \$29,102 \$28,134 \$27,259

(1) Consists of four (4) underlying mortgage loans that are cross-collateralized and cross-defaulted with each other.

Generally. The underlying mortgage loans (the “Michigan Independent Living Portfolio Mortgage Loans”) are each secured by one mortgaged real property operated as an independent living facility that offers various common area and unit amenities to residents.

Property Management. SRC of Michigan, LLC, an affiliate of the sponsor, is the property manager for the mortgaged real properties securing the Michigan Independent Living Portfolio Mortgage Loans.

Competitive Conditions. The mortgaged real properties, Pine Ridge Of Garfield, Pine Ridge Of Plumbrook, Villas Of Shelby and Pine Ridge Of Hayes, respectively, are located in the cities of Clinton Township, Sterling Heights, Shelby Township and Sterling Heights, Michigan. With respect to Pine Ridge Of Plumbrook, Villas Of Shelby and Pine Ridge Of Hayes, each mortgaged real property is one (1) of six (6) comparable independent living facilities serving the same sub-market. With respect to Pine Ridge Of Garfield, the mortgaged real property is one (1) of seven (7) comparable independent living facilities serving the same sub-market.

Tenant Concentration. At the time of underwriting, the tenant concentration at each property was 100.0% independent living.

4. Village At Proprietors Green



Original Principal Balance:	\$38,350,000	
Cut-off Date Principal Balance:	\$38,350,000	
Maturity Date Principal Balance:	\$34,871,281	
% of Initial Mortgage Pool Balance:	10.0%	
Loan Purpose:	Acquisition	
Interest Rate:	L+2.450%	
LIBOR Strike Price / Cap Provider:	3.800% / Barclays Bank PLC	
First Payment Date:	January 1, 2014	
Maturity Date:	December 1, 2018	
Amortization:	IO (12), then amortizing 30-year schedule	
Call Protection:	L(23) 2%(12) 1%(21) O(4)	
Cash Management:	N/A	
Cut-off Date Principal Balance /Unit:	\$257,383	
Maturity Date Principal Balance / Unit:	\$234,035	
Cut-off Date LTV:	65.0%	
Maturity Date LTV:	59.1%	
Underwritten DSCR / DSCR at Cap:	1.68x / 1.10x	
# of Units:	149	
Collateral:	Fee Simple	
Location:	Marshfield, MA	
Property Sub-type:	Independent Living	
Year Built / Renovated:	2010 / N/A	
Occupancy:	2013 (T-8)	2012 (T-10)
	92.9%	85.4%
Underwritten / Most Recent NCF:	\$3,124,054 / \$3,172,509	
Avg. Effective Ann. Rent/Unit:	2013 (T-8)	2012 (T-10)
	\$57,121	\$57,319

Generally. The underlying mortgage loan (the “Village At Proprietors Green Mortgage Loan”) is secured by one mortgaged real property operated as an independent living facility that offers independent living, assisted living and memory care services to residents. The property is improved with a four-story, 149-unit independent and assisted living facility and is situated on approximately 9.4 acres of land.

Property Management. Welch VPG Management LLC, a third party management company, is the property manager for the mortgaged real property securing the Village At Proprietors Green Mortgage Loan.

Competitive Conditions. The Village At Proprietors Green property is located in the city of Marshfield, Plymouth County, within the Boston MSA. The mortgaged real property is one (1) of eight (8) comparable independent living facilities serving the same sub-market.

Tenant Concentration. At the time of underwriting, the tenant concentration was 53.0% independent living, 31.0% assisted living and 16.0% memory care.

5. The Hallmark Of Creve Coeur



Original Principal Balance:	\$38,445,000
Cut-off Date Principal Balance:	\$37,793,285
Maturity Date Principal Balance:	\$31,902,775
% of Initial Mortgage Pool Balance:	9.8%
Loan Purpose:	Refinance
Interest Rate:	L+2.260%
LIBOR Strike Price / Cap Provider	3.740% / Wells Fargo Bank, National Association
First Payment Date:	September 1, 2013
Maturity Date:	August 1, 2020
Amortization:	30-year schedule
Call Protection:	L(11) 2%(60) 1%(9) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$173,364
Maturity Date Principal Balance / Unit:	\$146,343
Cut-off Date LTV:	73.7%
Maturity Date LTV:	62.2%
Underwritten DSCR / DSCR at Cap:	1.82x / 1.20x
# of Units:	218
Collateral:	Fee Simple
Location:	Creve Coeur, MO
Property Sub-type:	Independent Living
Year Built / Renovated:	2002 / N/A
Occupancy:	97.2% (3/31/2014)
Underwritten / Most Recent NCF:	\$3,305,910 / \$3,536,028

6. Trillium Place



Original Principal Balance:	\$36,585,000
Cut-off Date Principal Balance:	\$35,970,095
Maturity Date Principal Balance:	\$30,402,466
% of Initial Mortgage Pool Balance:	9.4%
Loan Purpose:	Refinance
Interest Rate:	L+2.310%
LIBOR Strike Price / Cap Provider	3.690% / Barclays Bank PLC
First Payment Date:	September 1, 2013
Maturity Date:	August 1, 2020
Amortization:	30-year schedule
Call Protection:	L(11) 2%(60) 1%(9) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$168,085
Maturity Date Principal Balance / Unit:	\$142,068
Cut-off Date LTV:	73.7%
Maturity Date LTV:	62.3%
Underwritten DSCR / DSCR at Cap:	1.83x / 1.22x
# of Units:	214
Collateral:	Fee Simple
Location:	Columbus, OH
Property Sub-type:	Independent Living
Year Built / Renovated:	2002 / N/A
Occupancy:	85.5% (3/31/2014)
Underwritten / Most Recent NCF:	\$3,180,395 / \$3,326,903

7. Horizon Bay At Hyde Park



Original Principal Balance:	\$35,000,000
Cut-off Date Principal Balance:	\$35,000,000
Maturity Date Principal Balance:	\$32,045,067
% of Initial Mortgage Pool Balance:	9.1%
Loan Purpose:	Refinance
Interest Rate:	L+2.900%
LIBOR Strike Price / Cap Provider	N/A / N/A
First Payment Date:	January 1, 2014
Maturity Date:	December 1, 2020
Amortization:	IO (36), then amortizing 30-year schedule
Call Protection:	L(11) 1%(69) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$261,194
Maturity Date Principal Balance / Unit:	\$239,142
Cut-off Date LTV:	59.9%
Maturity Date LTV:	54.9%
Underwritten DSCR / DSCR at Cap:	1.92x / N/A
# of Units:	134
Collateral:	Fee Simple
Location:	Tampa, FL
Property Sub-type:	Assisted Living
Year Built / Renovated:	2011 / N/A
Occupancy:	100.0% (12/31/2013)
Underwritten / Most Recent NCF:	\$3,449,443 / \$3,501,564

8. Harvard Square



Original Principal Balance:	\$21,500,000
Cut-off Date Principal Balance:	\$21,500,000
Maturity Date Principal Balance:	\$19,690,692
% of Initial Mortgage Pool Balance:	5.6%
Loan Purpose:	Acquisition
Interest Rate:	L+2.920%
LIBOR Strike Price / Cap Provider	3.080% / Commonwealth Bank of Australia
First Payment Date:	March 1, 2014
Maturity Date:	February 1, 2021
Amortization:	IO (36), then amortizing 30-year schedule
Call Protection:	5%(11) 4%(12) 3%(12) 2%(12) 1%(33) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$116,216
Maturity Date Principal Balance / Unit:	\$106,436
Cut-off Date LTV:	69.1%
Maturity Date LTV:	63.3%
Underwritten DSCR / DSCR at Cap:	1.68x / 1.20x
# of Units:	185
Collateral:	Fee Simple
Location:	Denver, CO
Property Sub-type:	Assisted Living
Year Built / Renovated:	1981 / 2009
Occupancy:	90.8% (4/30/2014)
Underwritten / Most Recent NCF:	\$1,850,099 / \$1,883,670

9. Arbor Terrace Peachtree City



Original Principal Balance:	\$20,700,000
Cut-off Date Principal Balance:	\$20,700,000
Maturity Date Principal Balance:	\$19,102,356
% of Initial Mortgage Pool Balance:	5.4%
Loan Purpose:	Acquisition
Interest Rate:	L+3.020%
LIBOR Strike Price / Cap Provider	2.980% / Commonwealth Bank of Australia
First Payment Date:	February 1, 2014
Maturity Date:	January 1, 2021
Amortization:	IO (39), then amortizing 30-year schedule
Call Protection:	3%(11) 2%(12) 1%(57) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$142,759
Maturity Date Principal Balance / Unit:	\$131,740
Cut-off Date LTV:	61.4%
Maturity Date LTV:	56.7%
Underwritten DSCR / DSCR at Cap:	1.62x / 1.17x
# of Units:	145
Collateral:	Fee Simple
Location:	Peachtree City, GA
Property Sub-type:	Independent Living
Year Built / Renovated:	2008 / 2012
Occupancy:	93.4% (4/1/2014)
Underwritten / Most Recent NCF:	\$1,739,772 / \$1,402,643

10. Parkview In Frisco



Original Principal Balance:	\$20,000,000
Cut-off Date Principal Balance:	\$20,000,000
Maturity Date Principal Balance:	\$18,349,416
% of Initial Mortgage Pool Balance:	5.2%
Loan Purpose:	Acquisition
Interest Rate:	L+3.040%
LIBOR Strike Price / Cap Provider	2.960% / Commonwealth Bank of Australia
First Payment Date:	April 1, 2014
Maturity Date:	March 1, 2021
Amortization:	IO (36), then amortizing 30-year schedule
Call Protection:	5%(11) 4%(12) 3%(12) 2%(12) 1%(33) O(4)
Cash Management:	N/A
Cut-off Date Principal Balance / Unit:	\$99,502
Maturity Date Principal Balance / Unit:	\$91,291
Cut-off Date LTV:	51.7%
Maturity Date LTV:	47.4%
Underwritten DSCR / DSCR at Cap:	1.60x / 1.16x
# of Units:	201
Collateral:	Fee Simple
Location:	Frisco, TX
Property Sub-type:	Independent Living
Year Built / Renovated:	2008 / N/A
Occupancy:	89.6% (4/30/2014)
Underwritten / Most Recent NCF:	\$1,668,113 / \$1,714,748

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EXHIBIT B

FORM OF CERTIFICATE ADMINISTRATOR'S STATEMENT TO CERTIFICATEHOLDERS

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DATES

Payment Date: Jun 25, 2014	First Payment Date: Jun 25, 2014
Prior Payment:	Closing Date: May 23, 2014
Next Payment: Jul 25, 2014	Cutoff Date: May 1, 2014
Record Date: May 30, 2014	Final Distribution Date: Aug 25, 2023
Determination Date: Jun 11, 2014	

ADMINISTRATOR

Name:
Title:
Address:

Phone:
Email:
Website: www.usbank.com/abs

TABLE OF CONTENTS

- Statement to Certificateholders	Page 1
* Payment Detail	
* Factor Detail	
* Principal Detail	
* Interest Detail	
* Reconciliation of Funds	
* Additional Reconciliation Detail	
* Historical Bond/Collateral Liquidation Realized Loss Reconciliation	
- Historical Delinquency & Liquidation Summary	Page 9
- REO Status Report	Page 10
- Historical Liquidation Loss Loan Detail	Page 11
- Interest Shortfall Reconciliation	Page 12
- NOI Loan Detail	Page 13
- Appraisal Reduction Report	Page 14
- Loan Level Detail	Page 15
- Historical Loan Modification Report	Page 16
- Material Breaches and Document Defects	Page 17
- Mortgage Loan Characteristics	Page 18

PARTIES TO TRANSACTION

Mortgage Loan Seller: Federal Home Loan Mortgage Corporation
 Guarantor: Federal Home Loan Mortgage Corporation
 Depositor: Wells Fargo Commercial Mortgage Securities, Inc.
 Trustee: U.S. Bank National Association
 Certificate Administrator: U.S. Bank National Association
 Custodian: U.S. Bank National Association
 Master Servicer: Wells Fargo Bank, National Association
 Special Servicer: Wells Fargo Bank, National Association

*This report contains, or is based on, information furnished to U.S. Bank Global Corporate Trust Services ("U.S. Bank") by one or more third parties (e.g. Servicers, Master Servicer, etc.), and U.S. Bank has not independently verified information received from any such third party. U.S. Bank shall not and does not undertake responsibility for the accuracy, completeness, or sufficiency of this report or the information contained herein for any purpose, and U.S. Bank makes no representations or warranties with respect thereto. The information in this report is presented here with the approval of the Issuer solely as a convenience for the user, and should not be relied upon without further investigation by any user contemplating an investment decision with respect to the related securities.





PAYMENT DETAIL

Class	Pass-Through Rate	Next Pass-Through Rate	Original Balance	Beginning Balance	Principal Distribution	Interest Distribution	Total Distribution	Negative Amortization	Realized Loss	Ending Balance
A										
X										
B										
C										
R										
Totals:										



FACTOR DETAIL

Class	Cusip	Beginning Balance	Principal Distribution	Interest Distribution	Total Distribution	Realized Loss	Ending Balance
A							
X							
B							
C							
R							



PRINCIPAL DETAIL

Class	Beginning Balance	Scheduled Principal	Unscheduled Principal	Realized Loss	Ending Balance	Deficiency Prin Amount Paid	Credit Support	
							Original	Current
A								
B								
C								
Totals:								



INTEREST DETAIL

Class	Accrued Certificate Interest	Net Prepay Interest Shortfall	Interest Adjustment	Current Interest Shortfall	Deficiency Int Amount Paid	Prepayment Premium	Addl Interest Distribution Amount	Total Interest Distribution Amount	Cumul Unpaid Interest Shortfall
A									
X									
B									
C									
R									
Totals:									



RECONCILIATION OF FUNDS

Funds Collection		Funds Distribution	
<u>Interest</u>		<u>Fees</u>	
Scheduled Interest		Master Servicing Fee	
Interest Adjustments		Trustee Fee	
Deferred Interest		Certificate Administrator Fee	
Net Prepayment Shortfall		CREFC Intellectual Property Royalty	
Net Prepayment Interest Excess		License Fee	
Interest Reserve (Deposit)/Withdrawal	_____	Guarantee Fee	
Interest Collections		Miscellaneous Fee	_____
		Fee Distributions	
		<u>Additional Trust Fund Expenses</u>	
		Reimbursed for Interest on Advances	
<u>Principal</u>		Net ASER Amount	
Scheduled Principal		Special Servicing Fee	
Unscheduled Principal		Workout Fee	
Principal Adjustments	_____	Liquidation Fee	
Principal Collections		Special Serv Fee plus Adj.	
		Non-Recoverable Advances	
		Other Expenses or Shortfalls	_____
		Additional Trust Fund Expenses	
<u>Other</u>		Guarantor Reimb/ Reimb Int/ Timing Reimb	_____
Static Prepayment Premium			
Deficiency Amount		<u>Payments to Certificateholders</u>	
Guarantor Payment		Interest Distribution	
Prepayment Premium	_____	Principal Distribution	_____
Other Collections		Payments to Certificateholders	

Total Collection	=====	Total Distribution	=====



ADDITIONAL RECONCILIATION DETAIL

Current Deficiency Detail:

Class	Unpaid Accrued Interest	Balloon Guarantor Payment	Realized Loss and Additional Trust Fund Exp	Unpaid Prin on Assum'd Final Distrib Date	Deficiency Amount	Unpaid End Deficiency Amount
A						
X						

Totals:

Cumulative Deficiency Detail:

Class	Unpaid Accrued Interest	Balloon Guarantor Payment	Realized Loss and Additional Trust Fund Exp	Unpaid Prin on Assum'd Final Distrib Date	Paid Deficiency Amount
A					
X					

Totals:

Advances:

	Master Servicer	Special Servicer	Trustee
Principal Interest			
Current Net Adv			
Cumul Net Adv			
Interest on Adv			

Current LIBOR
Next LIBOR

Unreimbursed Indemnification Expenses:

Party	Curr Accrued Indemn Exp	Curr Paid Indemn Exp	Cumul Unreimb Indemn Exp
Master Servicer			
Special Servicer			
Trustee/Certificate Admin/Custodian			
Depositor			

Total:

Interest Reserve Account:	Beg Bal	(Withdraw)/Dep	End Bal
Reserve Activity			



ADDITIONAL RECONCILIATION DETAIL

Mortgage Loan Activity

Group	Number of Loans Remaining	Beginning Scheduled Balance	Principal Remittance	Current Realized Losses	Interest Remittance	Available Distribution Amount	Ending Scheduled Balance	Realized Losses Since Cutoff	Ending Actual Balance



HISTORICAL BOND/COLLATERAL REALIZED LOSS RECONCILIATION

Distribution Date	Loan ID	Curr Beg Sch Bal of Loan at Liquidation	Aggregate Realized Loss on Loans	Prior Real'd Loss Appl'd to Cert	Amt Covered by OC/other Credit Support	Int (Shortage)/ Excess Appl'd to Real'd Loss	Mod Adj/ Appraisal Reduction Adj	Addt'l (Recov) Exp Appl'd to Real'd Loss	Real'd Loss Appl'd to Cert to Date	Recov of Real'd Loss Paid as Cash	(Recov)/Real'd Loss Appl'd to to Cert Int
Totals:											



HISTORICAL DELINQUENCY & LIQUIDATION SUMMARY

Month	30 Days Delinq		60 Days Delinq		90+ Days Delinq		Bankruptcy		Foreclosure		REO		Prepayments	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance



REO STATUS REPORT

Loan ID	State	Ending Sched Loan Amount	REO Date	Total Exposure	Most Recent Value	Ending Reduction Amount	Date Asset Exp to be Resolved or Foreclosed	Net Proceed on Liquidation	Other Revenues Collected	Liquidation/ Prepayment Date



HISTORICAL LIQUIDATION LOSS LOAN DETAIL

Loan ID	Current Beg Scheduled Balance	Most Recent Value	Liquidation Sales Price	Net Proceeds Received on Liquidation	Liquidation Expense	Net Proceeds Available for Distribution	Realized Loss to Trust	Curr Period Adjustment to Trust	Date of Curr Period Adj to Trust	Loss to Loan with Cumul Adj to Trust



INTEREST SHORTFALL RECONCILIATION

Loan ID	Curr Ending Scheduled Balance	Spec Serv Fee Amt plus Adj	Liquidation Fee Amount	Workout Fee Amount	Most Recent Net ASER Amount	Prepayment Int Excess (Shortfall)	Non-Recov (Scheduled Interest)	Reimbursed Interest on Advances	Mod Int Rate (Reduction)/ Excess	Reimbursement of Advances to Servicer Curr Month	Outstanding	Other (Shortfalls)/ Refunds



NOI LOAN DETAIL

Loan ID	ODCR	Property Type	City	State	Scheduled Balance	End Most Recent Fiscal NOI	Most Recent NOI	Most Recent NOI Start Date	Most Recent NOI End Date	Occupancy %	Occupancy as of Date



APPRAISAL REDUCTION REPORT

Loan ID	Property Name	Paid Through Date	ARA (Appraisal Reduction Amt)	ARA Date	Most Recent Value	Most Recent Valuation Date	Most Recent Net ASER Amount	Cumulative ASER Amount



LOAN LEVEL DETAIL

Loan ID	Property Type	Transfer Date	State	Maturity Date	Neg Am (Y/N)	Schedule Balance	Note Rate	Sched P&I	Prepay Liquid/Adj	Prepay Date	Paid Thru Date	Prepay Premium	Loan Status	Interest Payment	Yield Maint Charges



HISTORICAL LOAN MODIFICATION REPORT

Loan ID	Date of Last Modification	Balance When Sent to Special Servicer	Modified Balance	Old Note Rate	Modified Note Rate	Old P&I	Modified Payment Amount	Old Maturity Date	Maturity Date	Total Months for Change of Modification	Modification Code



MATERIAL BREACHES AND DOCUMENT DEFECTS

Disclosure Control #	Ending Principal Balance	Material Breach Date	Date Received Notice	Description



MORTGAGE LOAN CHARACTERISTICS

Remaining Principal Balance			
	Count	Balance (\$)	%
Gross Rate			
	Count	Balance (\$)	%
Geographic Distribution by State			
	Count	Balance (\$)	%
Remaining Term to Maturity			
Months	Count	Balance (\$)	%
DSCR			
	Count	Balance (\$)	%
Amortization Type			
	Count	Balance (\$)	%

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EXHIBIT C-1

MORTGAGE LOAN SELLER'S REPRESENTATIONS AND WARRANTIES

As of the Closing Date, the mortgage loan seller will make, with respect to each underlying mortgage loan sold by it that we include in the issuing entity, representations and warranties that are expected to be generally in the form set forth below. The exceptions to those representations and warranties are expected to be generally in the form set forth on Exhibit C-2 to this information circular. Capitalized terms used but not otherwise defined in this Exhibit C-1 will have the meanings set forth in this information circular or, if not defined in this information circular, in the mortgage loan purchase agreement.

The mortgage loan purchase agreement, together with the representations and warranties, serves to contractually allocate risk between the mortgage loan seller, on the one hand, and the issuing entity, on the other. We present the representations and warranties set forth below for the sole purpose of describing some of the expected terms and conditions of that risk allocation. The presentation of representations and warranties below is not intended as statements regarding the actual characteristics of the underlying mortgage loans, the mortgaged real properties or other matters. We cannot assure you that the underlying mortgage loans actually conform to the statements made in the representations and warranties that we present below.

For purposes of these representations and warranties, the phrase “to the knowledge of the mortgage loan seller” or “to the mortgage loan seller’s knowledge” will mean, except where otherwise expressly set forth below, the actual state of knowledge of the mortgage loan seller or any servicer acting on its behalf regarding the matters referred to, (a) after the mortgage loan seller’s having conducted such inquiry and due diligence into such matters as would be customarily required by the mortgage loan seller’s underwriting standards represented in the Guide and mortgage loan seller’s credit policies and procedures, at the time of the mortgage loan seller’s acquisition of the particular underlying mortgage loan; and (b) subsequent to such acquisition, utilizing the monitoring practices customarily utilized by the mortgage loan seller and its servicer pursuant to the Guide. All information contained in documents which are part of or required to be part of a mortgage file will be deemed to be within the knowledge of the mortgage loan seller. Wherever there is a reference to receipt by, or possession of, the mortgage loan seller of any information or documents, or to any action taken by the mortgage loan seller or not taken by the mortgage loan seller, such reference will include the receipt or possession of such information or documents by, or the taking of such action or the not taking of such action by, either the mortgage loan seller or any servicer acting on its behalf.

The mortgage loan seller will represent and warrant, subject to the exceptions set forth in Exhibit C-2, with respect to each underlying mortgage loan, that as of the date specified below or, if no date is specified, as of the Closing Date, the following representations and warranties are true and correct in all material respects:

(1) Ownership.

(a) Immediately prior to the transfer to the depositor of the underlying mortgage loans, the mortgage loan seller had good title to, and was the sole owner of, each underlying mortgage loan.

(b) The mortgage loan seller has full right, power and authority to transfer and assign each of the underlying mortgage loans to the depositor and has validly and effectively conveyed (or caused to be conveyed) to the depositor or its designee all of the mortgage loan seller’s legal and beneficial interest in and to the underlying mortgage loans free and clear of any and all liens, pledges, charges, security interests and/or other encumbrances of any kind.

(2) Licenses, Permits and Authorization.

(a) As of the origination date, to mortgage loan seller’s knowledge, based on the related borrower’s representations and warranties in the related loan documents, the borrower, commercial lessee and/or operator of the mortgaged real property was in possession of all material licenses, permits, and authorizations required for use of the related mortgaged real property as it was then operated.

(b) Each borrower covenants in the related loan documents that it shall remain in material compliance with all material licenses, permits and other legal requirements necessary and required to conduct its business.

(3) Validity of Loan Documents.

(a) Each mortgage note, mortgage or other agreement that evidences or secures the related underlying mortgage loan and was executed by or for the benefit of the related borrower or any guarantor is the legal, valid and binding obligation of the signatory, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) There is no valid offset, defense, counterclaim, or right of rescission, abatement or diminution available to the related borrower or any guarantor with respect to such mortgage note, mortgage or other agreement, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and to mortgage loan seller's knowledge, no offset, defense, counterclaim or right of rescission, abatement or diminution has been asserted by borrower or any guarantor.

(4) Assignment of Rents and Leases.

(a) Each mortgage file contains an assignment of leases, rents and profits or similar instrument that is part of the related mortgage.

(b) Each such assignment of leases, rents and profits or similar instrument creates a valid present assignment of, or a valid first priority lien or security interest in, certain rights under the related lease or leases, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(c) No person or entity other than the related borrower owns any interest in any payments due under the related lease or leases that is superior to or of equal priority with the lender's interest.

(d) The related mortgage provides for the appointment of a receiver for rents or allows the holder thereof to enter into possession to collect rents or provides for rents to be paid directly to the mortgagee in the event of a default under the underlying mortgage loan or mortgage.

(5) Valid Assignment.

(a) Each related assignment of mortgage and related assignment of assignment of leases, rents and profits or similar instrument, if any, from the mortgage loan seller to the depositor is in recordable form and constitutes the legal, valid and binding assignment from the mortgage loan seller to the depositor, except as enforcement may be limited by bankruptcy, insolvency, reorganization, liquidation, receivership, moratorium or other laws relating to or affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) Each related assignment of mortgage and related assignment of assignment of leases, rents and profits or similar instrument, if any, does not contain restrictions on transfer of such assignment of mortgage and related assignment of assignment of leases, rents and profits or similar instrument.

(6) No Modifications.

(a) Since the origination date, except as set forth in the related mortgage file,

(i) no underlying mortgage loan has been modified, altered, satisfied, canceled, subordinated or rescinded,

(ii) no mortgaged real property, nor any part thereof, has been released from the lien of the related mortgage in any manner which materially interferes with the security in the collateral intended to be provided by the lien of such mortgage, and

(iii) the mortgage loan seller has not waived any material term in the related underlying mortgage loan.

(b) All terms and agreements of the underlying mortgage loan are set forth in the loan documents in the mortgage file.

(c) None of the terms of any underlying mortgage loan has been modified, altered, satisfied, canceled, subordinated or rescinded in any respect since the date as of which the due diligence file related to the applicable underlying mortgage loan was delivered to KS02 Series B Owner, LLC, a Delaware limited liability company, and an affiliate of Ventas REIT, Inc., a Delaware corporation, or an affiliate.

(7) Valid First Lien.

(a) Each related mortgage creates a valid and enforceable first priority lien on the related mortgaged real property, subject to Permitted Encumbrances (as defined below) and except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) In the case of the crossed mortgage loans, however, the related mortgage encumbering the related mortgaged real property also secures one or more other underlying mortgage loans.

(c) The related mortgaged real property is free and clear of any mechanic's and materialmen's liens which are prior to or equal with the lien of the related mortgage, except those which are bonded over, escrowed for or insured against by a Title Policy (as defined below).

(d) A UCC financing statement has been filed and/or recorded (or sent for filing or recording) in all places (if any) necessary to perfect a valid security interest in the personal property necessary to operate the related mortgaged real property, to the extent a security interest may be created by filing or recording. Notwithstanding the foregoing, no representation is made as to the perfection of any security interest in rents or other personal property to the extent that possession or control of such items or actions other than the filing of UCC financing statements are required in order to effect such perfection.

(e) Any security agreement or equivalent document related to and delivered in connection with the underlying mortgage loan establishes and creates a valid and enforceable lien on property described therein, subject to Permitted Encumbrances (as defined below) and except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(8) Title Insurance.

Each mortgaged real property is covered by an American Land Title Association lender's title insurance policy (or its equivalent as set forth in the applicable jurisdiction), a pro forma policy or a marked-up title insurance commitment (on which the required premium has been paid) that evidences such title insurance policy (collectively, a "Title Policy"), in the principal amount of the related underlying mortgage loan (or the allocated loan amount of the portions of the mortgaged real property that are covered by such Title Policy). Each Title Policy insures that the related mortgage is a valid first priority lien on the related mortgaged real property, subject only to Permitted Encumbrances (as defined below). Each Title Policy (or, if it has yet to be issued, the coverage to be provided by such Title Policy) is in full force and effect and all premiums thereon have been paid. Each Title Policy contains no exclusion for or affirmatively insures (except for any mortgaged real property located in a jurisdiction where such affirmative insurance is not available) (a) access to a public road, (b) that there are no encroachments of any part of the buildings thereon over easements, (c) that the area shown on the survey is the same as the property legally described in the mortgage, (d) that the mortgaged real property constitutes a single tax parcel containing no other

real property, (e) the lien of the mortgage is superior to a lien created by any applicable statute relating to environmental remediation, and (f) to the extent that the mortgaged real property consists of two or more adjoining parcels, such parcels are contiguous. No material claims have been made or paid under the Title Policy. The mortgage loan seller has not done, by act or omission, anything that would materially impair or diminish the coverage under the Title Policy, and has no knowledge of any such action or omission. Immediately following the transfer and assignment of the related underlying mortgage loan to the Trustee, the Title Policy (or, if it has yet to be issued, the coverage to be provided by such Title Policy) will inure to the benefit of the Trustee without the consent of or notice to the insurer of the Title Policy. The originating lender, the mortgage loan seller and its successors and assigns are the sole named insureds under the Title Policy. To the mortgage loan seller's knowledge, the insurer of the Title Policy is qualified to do business in the jurisdiction in which the related mortgaged real property is located.

“Permitted Encumbrances” shall mean:

- (a) the lien of current real property taxes, ground rents, water charges, sewer rents and assessments not yet delinquent,
- (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record, none of which, individually or in the aggregate, materially interferes with (i) the current use of the mortgaged real property, (ii) the security in the collateral intended to be provided by the lien of such mortgage, (iii) the related borrower's ability to pay its obligations when they become due or (iv) the value of the mortgaged real property,
- (c) exceptions, exclusions and other matters set forth in such Title Policy, none of which, individually or in the aggregate, materially interferes with (i) the current use of the mortgaged real property, (ii) the security in the collateral intended to be provided by the lien of such mortgage, (iii) the related borrower's ability to pay its obligations when they become due or (iv) the value of the mortgaged real property,
- (d) the rights of tenants, as tenants only, under leases, including subleases, pertaining to the related mortgaged real property,
- (e) other matters to which similar properties are commonly subject, none of which, individually or in the aggregate, materially interferes with (i) the current use of the mortgaged real property, (ii) the security in the collateral intended to be provided by the lien of such mortgage, (iii) the related borrower's ability to pay its obligations when they become due or (iv) the value of the mortgaged real property, and
- (f) if the related underlying mortgage loan is a crossed mortgage loan, the lien of any underlying mortgage loan that is cross-collateralized with such crossed mortgage loan.

(9) Full Disbursement.

The proceeds of the underlying mortgage loan have been fully disbursed and there is no requirement for future advances.

(10) Condition of Mortgaged Real Property; Condemnation.

- (a) Either:
 - (i) each related mortgaged real property is free of any material damage that would materially and adversely affect the use or value of such mortgaged real property as security for the underlying mortgage loan (other than normal wear and tear), or
 - (ii) to the extent a prudent lender would so require, the mortgage loan seller has required a reserve, letter of credit, guaranty or other mitigant with respect to the condition of the mortgaged real property.
- (b) With respect to each underlying mortgage loan, any and all material requirements as to completion of any on-site or off-site improvement and as to disbursements of any funds escrowed for such purpose that

were to have been complied with have been complied with, or any such funds so escrowed have not been released.

(c) There is no proceeding pending for the total or partial condemnation of such mortgaged real property that would have a material adverse effect on the use or value of the mortgaged real property.

(11) Inspection of Mortgaged Real Property.

The mortgage loan seller (or if the mortgage loan seller is not the originator, the originator) inspected or caused to be inspected each mortgaged real property in connection with the origination of the related underlying mortgage loan and within twelve (12) months of the Closing Date.

(12) No Shared Appreciation.

No underlying mortgage loan has a shared appreciation feature, any other contingent interest feature or a negative amortization feature.

(13) Whole Loan.

Each underlying mortgage loan is a whole loan and contains no equity participation by mortgage loan seller and is not a participation interest in such underlying mortgage loan.

(14) Compliance with Laws.

(a) Each underlying mortgage loan complied in all material respects with, or was exempt from, applicable usury laws in effect as of its origination date.

(b) As of its origination date, each mortgaged real property complied in all material respects with, or was exempt from, all applicable federal, state or local laws, except to the extent any noncompliance did not materially and adversely affect the value of the mortgaged real property, the security in the collateral intended to be provided by the lien of the related mortgage or the related borrower's operations at the mortgaged real property; provided, however, that the foregoing does not address or otherwise cover the representation or warranty made by the mortgage loan seller in paragraph 23(e) of this Exhibit C-1; and

(c) The loan documents require borrower to comply with all laws, ordinances, regulations and requirements of any governmental authority and all recorded lawful covenants and agreements related to or affecting the mortgaged real property.

(15) Servicing.

The origination, servicing and collection practices used by the mortgage loan seller or, to the mortgage loan seller's knowledge, any prior holder or servicer of each underlying mortgage loan have been in compliance with all applicable laws and regulations, and substantially in accordance with the practices of prudent commercial mortgage lenders with respect to similar mortgage loans and in compliance with the Guide in all material respects.

(16) Taxes and Assessments.

Either:

(a) there are no delinquent or unpaid taxes, assessments (including assessments payable in future installments) or other outstanding charges affecting any mortgaged real property that are or may become a lien of priority equal to or higher than the lien of the related mortgage, or

(b) an escrow of funds has been established in an amount (including all ongoing escrow payments to be made prior to the date on which taxes and assessments become delinquent) sufficient to cover the payment of such taxes and assessments.

For purposes of this representation and warranty, real property taxes and assessments shall not be considered unpaid until the date on which interest or penalties would be first payable thereon.

(17) Escrow Deposits.

(a) Except as previously disbursed pursuant to the loan documents, all escrow deposits and payments relating to each underlying mortgage loan that are required to be deposited or paid, have been deposited or paid. All escrow deposits and payments required pursuant to each underlying mortgage loan are in the possession, or under the control, of the mortgage loan seller or its servicer.

(b) All such escrow deposits that have not been disbursed pursuant to the loan documents are being conveyed by the mortgage loan seller to the depositor and identified with appropriate detail.

(18) Insurance.

(a) Each related mortgaged real property is insured by:

- (i) a fire and extended perils insurance policy, issued by an insurer meeting the requirements of the loan documents, in an amount (A) not less than the lesser of (1) the principal amount of the related underlying mortgage loan and (2) the replacement cost (with no deduction for physical depreciation) of the mortgaged real property, and (B) not less than the amount necessary to avoid the operation of any co-insurance provisions with respect to the related mortgaged real property,
- (ii) business interruption or rental loss insurance covering the loss of at least twelve (12) months of income,
- (iii) comprehensive general liability insurance in amounts generally required by prudent commercial mortgage lenders for similar properties. All premiums on such insurance policies required to be paid have been paid,
- (iv) if the mortgaged real property is located in one of the counties or cities identified in the table immediately below, windstorm insurance in an amount at least equal to the lesser of (i) the outstanding principal balance of such underlying mortgage loan and (ii) 100% of the full insurable value, or 100% of the replacement cost, of the improvements located on the related mortgaged real property.

Counties and Specific Cities Covered by Windstorm Insurance

State	Counties and Specific Cities
Alabama	Baldwin and Mobile;
Delaware	Sussex;
Florida	Entire State;
Georgia	Bryan, Camden, Chatham, Glynn, Liberty, McIntosh;
Hawaii	Entire State;
Louisiana	Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Mary, St. Tammany, Terrebonne, Vermilion;
Massachusetts	Barnstable, Bristol, Dukes, Nantucket, Plymouth;
Maryland	Calvert, Dorchester, Somerset, St. Mary's, Wicomico, Worcester;
Mississippi	Hancock, Harrison, Jackson;
North Carolina	Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Currituck, Dare, Hyde, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington;
New Jersey	Atlantic, Cape May, Cumberland, Monmouth, Ocean;
New York	Nassau, Suffolk;
Puerto Rico	All Counties;
South Carolina	Beaufort, Berkeley, Charleston, Colleton, Georgetown, Horry;

State	Counties and Specific Cities
Texas	Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Town of Baytown, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy;
Virginia	Accomack, Chesapeake City, Gloucester, Hampton City, Isle of Wight, Lancaster, Langley Field City, Little Creek City, Mathews, Middlesex, Newport News City, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth City, Suffolk City, Virginia Beach City, York

(b) All mortgaged real properties located in seismic zones 3 or 4 have had a seismic assessment done for the sole purpose of assessing the probable maximum loss (“PML”) for the mortgaged real property in the event of an earthquake. In such instance, the PML was based on a 475-year lookback with a ten percent (10%) probability of exceedance in a 50-year period. If a seismic assessment concluded that the PML on a mortgaged real property would exceed twenty percent (20%) of the amount of the replacement costs of the improvements, earthquake insurance was required in an amount not less than one-hundred fifty percent (150%) of an amount equal to the difference between the projected loss for the mortgaged real property using the actual PML and the projected loss for the mortgaged real property using a twenty percent (20%) PML.

(c) Each such insurance policy names the lender under the underlying mortgage loan and its successors and assigns as a named or additional insured, as applicable. Each such insurance policy (other than with respect to commercial liability policies) requires at least ten (10) days prior notice to the lender of termination or cancellation arising because of non-payment of a premium and at least thirty (30) days prior notice to the lender of termination or cancellation arising for any reason other than non-payment of a premium, and no such notice has been received by the mortgage loan seller. All premiums on such insurance policies required to be paid have been paid. Such insurance policy contains a standard noncontributory mortgagee clause or standard additional insured provision, as applicable, that names the mortgagee as an additional insured in the case of liability insurance policies and as a loss payee in the case of property insurance policies.

(d) The related loan documents for each underlying mortgage loan obligate the related borrower to maintain all such insurance and, if the borrower fails to do so, authorize the lender to maintain such insurance at the borrower’s cost and expense and to seek reimbursement for such insurance from the borrower.

(e) None of the loan documents contains any provision that expressly excuses the related borrower from obtaining and maintaining insurance coverage for acts of terrorism.

(f) The related loan documents for each underlying mortgage loan contain customary provisions consistent with the practices of prudent commercial mortgage lenders requiring the related borrower to obtain such other insurance as the lender may require from time-to-time.

(19) Flood Insurance.

Based solely on a flood zone determination, if any portion of the improvements on the mortgaged real property is located in an area identified by the Federal Emergency Management Agency as a special flood hazard area, then:

(a) the borrower is required to maintain flood insurance for such portion of the improvements located in a special flood hazard area in an amount equal to no less than the replacement value of such improvements, and

(b) the related loan documents authorize the lender to maintain such insurance if the borrower fails to do so, at the borrower’s cost and expense, and to seek reimbursement for such insurance from the borrower.

(20) Defaults.

There exists no monetary default (other than payments due but not yet thirty (30) days or more past due) or material non-monetary default, breach, violation or event of acceleration under the related underlying mortgage loan or to mortgage loan seller’s knowledge, no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a material default, breach, violation or event of acceleration under such

underlying mortgage loan; provided, however, that the representations and warranties set forth in this paragraph 20 do not address or otherwise cover any default, breach, violation or event of acceleration that specifically pertains to any matter otherwise covered by any other representation or warranty made by the mortgage loan seller in this Exhibit C-1; and, provided, further, that a breach by the borrower of any representation or warranty contained in any loan document (each, a “Borrower Representation”) shall not constitute a material non-monetary default, breach, violation or event of acceleration for purposes of this paragraph 20 if the subject matter of such Borrower Representation is covered by any representation or warranty made by the mortgage loan seller in this Exhibit C-1. Neither the mortgage loan seller nor any servicer of the underlying mortgage loan has waived any material default, breach, violation or event of acceleration under any of the loan documents. Pursuant to the terms of the loan documents, no person or party other than the holder of the mortgage note and mortgage may declare an event of default or accelerate the related indebtedness under such loan documents.

(21) Payments Current.

No scheduled payment of principal and interest under any underlying mortgage loan was thirty (30) days or more past due as of the Cut-off Date, and no underlying mortgage loan was thirty (30) days or more delinquent in the twelve-month period immediately preceding the Cut-off Date.

(22) Customary Provisions.

(a) The mortgage note or mortgage for each underlying mortgage loan, together with applicable state law, contains customary and enforceable provisions so as to render the rights and remedies of the holder of such mortgage note or mortgage adequate for the practical realization against the related mortgaged real property of the principal benefits of the security in the collateral intended to be provided by such mortgage note or the lien of such mortgage, including realization by judicial or if applicable, non-judicial foreclosure, except as the enforcement of the mortgage may be limited by bankruptcy, insolvency, reorganization, moratorium, redemption or other laws affecting the enforcement of creditors’ rights or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) No borrower is a debtor in, and no mortgaged real property is the subject of, any state or federal bankruptcy or insolvency proceeding, and, as of the origination date, no guarantor was a debtor in any state or federal bankruptcy or insolvency proceeding.

(23) Environmental Conditions.

(a) As of the origination date, each borrower represented and warranted in all material respects that to its knowledge (except as set forth in certain Phase I or Phase II environmental reports, as applicable, and except as commonly used (i) in the operation and maintenance of properties of similar kind and nature to the mortgaged real property, (ii) in accordance with prudent management practices and applicable law, and (iii) in a manner that does not result in any contamination of the mortgaged real property that is not permitted by law), such borrower has not used, caused or permitted to exist (and will not use, cause or permit to exist) on the related mortgaged real property any hazardous materials in any manner which violates federal, state or local laws, ordinances, regulations, orders, directives or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of hazardous materials or other environmental laws. Each mortgage requires the related borrower to comply, and to cause the related mortgaged real property to be in compliance, with all Hazardous Materials Laws (as defined below) applicable to the mortgaged real property.

(b) Each borrower (or an affiliate thereof) has agreed to indemnify, defend and hold the lender and its successors and assigns harmless from and against losses, liabilities, damages, injuries, penalties, fines, expenses, and claims of any kind whatsoever (including attorneys’ fees and costs) paid, incurred or suffered by, or asserted against, any such party resulting from a breach of the foregoing representations or warranties given by the borrower in connection with such underlying mortgage loan.

(c) A Phase I environmental report and, in the case of certain underlying mortgage loans, a Phase II environmental report (in either case meeting American Society for Testing and Materials standards), was conducted by a reputable environmental consulting firm with respect to the related mortgaged real property within twelve (12) months of the Closing Date.

(d) If any material non-compliance or material existence of Hazardous Materials (as defined below) was indicated in any Phase I environmental report or Phase II environmental report, then at least one of the following statements is true:

- (i) funds reasonably estimated to be sufficient to cover the cost to cure any material non-compliance with applicable environmental laws or material existence of hazardous materials have been escrowed, or a letter of credit in such amount has been provided, by the related borrower and held by the mortgage loan seller or its servicer;
- (ii) if the Phase I or Phase II environmental report, as applicable, recommended an operations and maintenance plan, but not any material expenditure of funds, an operations or maintenance plan has been required to be obtained by the related borrower;
- (iii) the environmental condition identified in the related Phase I or Phase II environmental report, as applicable, was remediated or abated in all material respects,
- (iv) a no further action or closure letter was obtained from the applicable governmental regulatory authority (or the environmental issue affecting the related mortgaged real property was otherwise listed by such governmental authority as “closed”),
- (v) such conditions or circumstances identified in the Phase I environmental report were investigated further and, based upon such additional investigation, an environmental consultant recommended no further investigation or remediation,
- (vi) a party with financial resources reasonably estimated to be adequate to cure the condition or circumstance provided a guaranty or indemnity to the related borrower to cover the costs of any required investigation, testing, monitoring or remediation, or
- (vii) the reasonably estimated costs of such remediation does not exceed two percent (2%) of the outstanding principal balance of the related underlying mortgage loan.

(e) To the best of the mortgage loan seller’s knowledge, in reliance on such Phase I or Phase II environmental reports, as applicable, and except as set forth in such Phase I or Phase II environmental reports, as applicable, each mortgaged real property is in material compliance with all applicable federal, state and local environmental laws pertaining to environmental hazards, and to the best of the mortgage loan seller’s knowledge, no notice of violation of such laws has been issued by any governmental agency or authority, except, in all cases, as indicated in such Phase I or Phase II environmental reports, as applicable, or other documents previously provided to the depositor.

(f) The mortgage loan seller has not taken any action which would cause the mortgaged real property not to be in compliance with all applicable federal, state and local environmental laws pertaining to environmental hazards.

(g) With respect to the mortgaged real properties securing the underlying mortgage loans that were not the subject of an environmental site assessment within twelve (12) months prior to the Cut-off Date (i) no Hazardous Material is present on such mortgaged real property such that (1) the value of such mortgaged real property is materially and adversely affected or (2) under applicable federal, state or local law, (a) such Hazardous Material could be required to be eliminated at a cost materially and adversely affecting the value of the mortgaged real property before such mortgaged real property could be altered, renovated, demolished or transferred, or (b) the presence of such Hazardous Material could (upon action by the appropriate governmental authorities) subject the owner of such mortgaged real property, or the holders of a security interest therein, to liability for the cost of eliminating such Hazardous Material or the hazard created thereby at a cost materially and adversely affecting the value of the mortgaged real property, and (ii) such mortgaged real property is in material compliance with all applicable federal, state and local laws pertaining to Hazardous Materials or environmental hazards, any noncompliance with such laws does not have a material adverse effect on the value of such mortgaged real property, and neither mortgage loan seller nor, to mortgage loan seller’s knowledge, the

related borrower or any current tenant thereon, has received any notice of violation or potential violation of any such law.

(h) “Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks that are not subject to a “no further action” letter from the regulatory authority in the related property jurisdiction, whether empty or containing any substance; any substance the presence of which on the mortgaged real property is prohibited by any federal, state or local authority; any substance that requires special handling and any other “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

(i) “Hazardous Materials Law” means any federal, state, and local law, ordinance and regulation and standard, rule, policy and other governmental requirement, administrative ruling and court judgment and decree in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to the borrower or to the mortgaged real property. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et seq., and their state analogs.

(j) All such Phase I or Phase II environmental reports, as applicable, or any other environmental assessments of which the mortgage loan seller has possession have been disclosed to the depositor.

(24) Due on Sale.

Each underlying mortgage loan contains provisions for the acceleration of the payment of the unpaid principal balance of such underlying mortgage loan if, without the consent of the holder of the mortgage, the related mortgaged real property or a controlling interest in the related borrower is directly or indirectly transferred or sold, except with respect to (A) transfers of certain interests in the related borrower to persons or entities already holding interests in such borrower, their family members, affiliated companies and other estate planning related transfers that satisfy certain criteria specified in the related mortgage (which criteria are consistent with the practices of prudent commercial mortgage lenders) or (B) if the related mortgaged real property is a residential cooperative property, transfers of stock of the related borrower in connection with the assignment of a proprietary lease for a unit in the related mortgaged real property by a tenant-shareholder of the related borrower to other persons or entities who by virtue of such transfers become tenant-shareholders in the related borrower. The mortgage requires the borrower to pay all fees and expenses associated with securing the consent or approval of the holder of the mortgage for all actions requiring such consent or approval under the mortgage including the cost of counsel opinions relating to REMIC or other securitization and tax issues.

(25) Encroachments.

(a) To the mortgage loan seller’s knowledge (based on surveys and/or the Title Policy obtained in connection with the origination of the underlying mortgage loans), as of the related origination date of each underlying mortgage loan, all of the material improvements on the related mortgaged real property that were considered in determining the appraised value of the mortgaged real property lay wholly within the boundaries and building restriction lines of such property, except for encroachments onto adjoining parcels that are insured against by the related Title Policy or that do not materially and adversely affect the operation, use or value of such mortgaged real property or the security intended to be provided by the mortgage, except for violations of the building restriction lines that are covered by building law or ordinance coverage in amounts customarily required by prudent commercial mortgage lenders or are insured against by the related Title Policy or that do not materially and adversely affect the operation, use or value of such mortgaged real property or the security intended to be provided by the mortgage.

(b) No improvements on adjoining properties materially encroached upon such mortgaged real property so as to materially and adversely affect the operation, use or value of such mortgaged real property or the security intended to be provided by the mortgage, except those encroachments that are insured against by the related Title Policy.

(26) Underlying Mortgage Loan Information.

The information set forth in the mortgage loan schedule is true, complete and accurate in all material respects.

(27) Ground Leases.

No underlying mortgage loan is secured in whole or in part by the related borrower's interest as lessee under a ground lease of the related mortgaged real property (but not also by the related fee interest in such mortgaged real property).

(28) Subordinate Mortgages.

Except as set forth in the mortgage loan schedule and except as set forth in the loan documents regarding future permitted subordinate debt, there are no subordinate mortgages encumbering the related mortgaged real property, nor are there any preferred equity interests held by the mortgage loan seller or any mezzanine debt related to such mortgaged real property.

(29) Single Purpose Entity.

Except in cases where the related mortgaged real property is a residential cooperative property, the loan documents executed in connection with:

(a) each underlying mortgage loan with an original principal balance of \$5 million or more requires the borrower to be a Single Purpose Entity (as defined below) for at least as long as the underlying mortgage loan is outstanding and, to the mortgage loan seller's knowledge, each such borrower is, a Single Purpose Entity, and each underlying mortgage loan with an original principal balance of \$25 million or more has a counsel's opinion regarding non-consolidation of the borrower in any insolvency proceeding involving any other party. For this purpose, a "Single Purpose Entity" shall mean an entity, other than an individual, whose organizational documents provide substantially to the effect that it was formed or organized solely for the purpose of owning and operating one or more of the mortgaged real properties securing the underlying mortgage loans and prohibit it from engaging in any business unrelated to such mortgaged real property or properties, and whose organizational documents further provide, or which entity represented in the related loan documents, substantially to the effect that it does not have any assets other than those related to its interest in and operation of such mortgaged real property or properties, or any indebtedness other than as permitted by the related mortgage(s) or the other related loan documents, that it has its own books and records and accounts separate and apart from any other person (other than a borrower for an underlying mortgage loan that is cross-collateralized and cross-defaulted with the related underlying mortgage loan), that it holds itself out as a legal entity, separate and apart from any other person, and only with respect to each underlying mortgage loan with an origination date principal balance of \$50 million or more, that it (or its general partner or managing member, as applicable) has at least one independent director. The organization documents of any borrower which is a single member limited liability company provide that the borrower shall not dissolve or liquidate upon the bankruptcy, dissolution, liquidation or death of the sole member. Any such single member limited liability company borrowers are organized in Delaware and the loan file contains an opinion of such borrower's counsel confirming such continued existence and for each underlying mortgage loan with an origination date principal balance of \$5 million or more, that the applicable law provides that creditors of the single member may only attach the assets of the member including the membership interests in the borrower but not the assets of the borrower. To the mortgage loan seller's actual knowledge, each borrower has fully complied with the requirements of the related underlying mortgage loan and mortgage and the borrower's organizational documents regarding Single-Purpose Entity status; and

(b) each underlying mortgage loan with an original principal balance of less than \$5,000,000 requires that the related borrower (i) is prohibited from engaging in any business unrelated to such property and the

related underlying mortgage loan and (ii) shall not have any assets other than those related to its interest in the related mortgaged real property or its financing.

(30) Due on Encumbrance.

Each underlying mortgage loan prohibits the related borrower (a) from mortgaging or otherwise encumbering the mortgaged real property without the prior written consent of the lender or the satisfaction of debt service coverage and other criteria specified in the related loan documents and (b) from carrying any additional indebtedness, except as set forth in the loan documents or in connection with trade debt and equipment financings incurred in the ordinary course of borrower's business.

(31) Access, Public Utilities and Separate Tax Parcels.

Each mortgaged real property (a) is located on or adjacent to a dedicated road, or has access to an irrevocable easement permitting ingress and egress, (b) is served by public utilities and services generally available in the surrounding community or otherwise appropriate for the use in which the mortgaged real property is currently being utilized and (c) constitutes one or more separate tax parcels; provided that, any requirement described in clauses (a), (b) or (c) shall be satisfied if such matter is covered by an endorsement under the related Title Policy.

(32) Deed of Trust.

With respect to each mortgage that is a deed of trust, (a) a trustee, duly qualified under applicable law to serve as trustee, currently serves as trustee and is named in the deed of trust (or has been or may be substituted in accordance with applicable law by the related lender) and (b) such deed of trust does not provide for the payment of fees or expenses to such trustee by the mortgage loan seller, the depositor or any transferee of the mortgage loan seller or depositor.

(33) Litigation.

To the knowledge of the mortgage loan seller, there are no actions, suits or proceedings before any court, administrative agency or arbitrator concerning any underlying mortgage loan, borrower or related mortgaged real property that might (a) adversely affect title to the mortgaged real property or the validity or enforceability of the related mortgage, (b) materially and adversely affect the value of the mortgaged real property as security for the underlying mortgage loan, (c) materially and adversely affect the use for which the premises were intended or (d) materially and adversely affect the borrower's ability to perform under the related underlying mortgage loan.

(34) No Advances.

No advance of funds has been made by the mortgage loan seller to the related borrower (other than mezzanine debt and the acquisition of preferred equity interests by the preferred equity interest holder, as disclosed in the mortgage loan schedule and the offering memorandum), and no advance of funds have, to the mortgage loan seller's knowledge, been received (directly or indirectly) from any person or entity other than the related borrower for or on account of payments due on the underlying mortgage loan.

(35) Qualification To Do Business.

To the extent required under applicable law, as of the Cut-off Date or as of the date that such entity held the mortgage note, each holder of the mortgage note was authorized to transact and do business in the jurisdiction in which the related mortgaged real property is located, or the failure to be so authorized did not materially and adversely affect the enforceability of such underlying mortgage loan.

(36) All Collateral Transferred.

All collateral that secures the underlying mortgage loans is being transferred to the depositor as part of the underlying mortgage loans.

(37) Releases of Mortgaged Real Property.

No underlying mortgage loan requires the lender to release all or any portion of the related mortgaged real property from the lien of the related mortgage except as in compliance with the REMIC Provisions and:

- (a) upon payment in full of all amounts due under the related underlying mortgage loan,
- (b) unless such portion of the mortgaged real property was not considered material for purposes of underwriting the underlying mortgage loan, was not included in the appraisal for such mortgaged real property or does not generate income,
- (c) upon the payment of a release price at least equal to the allocated loan amount or, if none, the appraised value of the released parcel and any related prepayment, or
- (d) with respect to any crossed mortgage loans or underlying mortgage loans secured by multiple mortgaged real properties, in connection with the release of any cross-collateralization pursuant to provisions in the related loan documents.

With respect to clauses (b), (c) and (d) above, for all underlying mortgage loans originated after December 6, 2010, if the fair market value of the real property constituting the remaining mortgaged real property immediately after the release of such portion of the mortgaged real property from the lien of the related mortgage is not equal to at least (i) eighty percent (80%) of the remaining principal amount of the underlying mortgage loan or (ii) the fair market value of the real property constituting the mortgaged real property immediately before the release of such portion of the mortgaged real property, the related borrower is required to prepay the underlying mortgage loan in an amount equal to or greater than the amount required by the REMIC Provisions.

(38) Insurance and Condemnation.

- (a) Each mortgage provides that casualty insurance proceeds will be applied (i) to the restoration or repair of the related mortgaged real property, (ii) to the restoration or repair of the related mortgaged real property, with any excess insurance proceeds after restoration or repair being paid to the borrower, or (iii) to the reduction of the principal amount of the underlying mortgage loan.
- (b) In the case of all casualty losses or takings in excess of a specified dollar amount that a prudent commercial lender would deem satisfactory and acceptable, the lender or a trustee appointed by it (if the lender does not exercise its right to apply the casualty insurance proceeds to the principal balance of the related underlying mortgage loan in accordance with the loan documents) has the right to hold and disburse such proceeds as the repairs or restoration progresses.

(39) Zoning.

(a) Based upon (i) a statement of full restoration by a zoning authority or copies of legislation or variance permitting full restoration of the mortgaged real property, (ii) a damage restoration statement along with an evaluation of the mortgaged real property, (iii) a zoning report prepared by a company acceptable to the mortgage loan seller, (iv) an opinion of counsel and/or (v) other due diligence considered reasonable by prudent commercial mortgage lenders in the lending area where the subject mortgaged real property is located (such reasonable due diligence includes, but is not limited to, building law or ordinance coverage as specified in clause (b)(ii) below),

(A) the improvements located on or forming part of each mortgaged real property comply with applicable zoning laws and ordinances, or

(B) such improvements constitute a legal non-conforming use or structure; and

(b) if any such improvement comes within the requirements of clause (a)(B) above, either (i) the non-compliance does not materially and adversely affect the value of the related mortgaged real property (as determined by the appraisal performed at origination or in connection with the sale of the related underlying

mortgage loan by the mortgage loan seller to the depositor) or (ii) building law or ordinance coverage was provided in amounts customarily required by prudent commercial mortgage lenders.

(40) Qualified Mortgage.

Each underlying mortgage loan constitutes a “qualified mortgage” within the meaning of Section 860G(a)(3) of the Code (but without regard to the rule in Treasury Regulation Section 1.860G-2(f)(2) that treats a defective obligation as a “qualified mortgage” or any substantially similar successor provision). Any prepayment premiums and yield maintenance charges payable upon a voluntary prepayment under the terms of such underlying mortgage loan constitute “customary prepayment penalties” within the meaning of Treasury Regulation Section 1.860G-1(b)(2).

(41) Carveouts to Non-Recourse.

The loan documents for each underlying mortgage loan provide (a) that the related borrower shall be liable to the mortgage loan seller for any losses incurred by the mortgage loan seller due to (i) the misapplication or misappropriation of rents (after a demand is made after an event of default), insurance proceeds or condemnation awards, (ii) any breach of the environmental covenants contained in the related loan documents and (iii) fraud by such borrower in connection with the application for or creation of the underlying mortgage loan or in connection with any request for any action or consent by the lender and (b) that the underlying mortgage loan shall become full recourse in the event of a voluntary bankruptcy filing by the borrower. A natural person is jointly and severally liable with the borrower with respect to (a) and (b).

(42) Floating Rate.

Each underlying mortgage loan bears interest at a floating rate based on LIBOR, resets on a monthly basis, and accrues interest on an Actual/360 Basis.

(43) Financial Statements.

Each mortgage requires the borrower to provide the owner or holder of the mortgage with quarterly and annual operating statements, rent rolls and related information and annual financial statements.

(44) Crossed Loans.

No underlying mortgage loan is cross-collateralized or cross-defaulted with any other loan not being transferred to the depositor.

(45) Prepayment Upon Condemnation.

For all underlying mortgage loans originated after December 6, 2010, in the event of a taking of any portion of a mortgaged real property by a State or any political subdivision or authority thereof, whether by legal proceeding or by agreement, if, immediately after the release of such portion of the mortgaged real property from the lien of the related mortgage (but taking into account any planned restoration), the fair market value of the real property constituting the remaining mortgaged real property is not equal to at least (i) eighty percent (80%) of the remaining principal amount of the underlying mortgage loan or (ii) the fair market value of the real property constituting the mortgaged real property immediately before the release of such portion of the mortgaged real property, the related borrower can be required to apply the award with respect to such taking to prepay the underlying mortgage loan in the amount required by the REMIC Provisions and such amount may not, to such extent, be used to restore the related mortgaged real property or be released to the related borrower.

(46) Appraisals.

Each mortgage file contains an appraisal for the related mortgaged real property that is dated within twelve (12) months of the Closing Date and that satisfies the guidelines set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

(47) Related Borrowers.

No two or more underlying mortgage loans have the same borrower or, to the mortgage loan seller's knowledge, have borrowers which are entities controlled by one another or under common control.

(48) Grace Periods.

For any underlying mortgage loan that provides for a grace period with respect to delinquent monthly payments, such grace period is no longer than ten (10) days from the applicable payment date.

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EXHIBIT C-2

EXCEPTIONS TO MORTGAGE LOAN SELLER'S REPRESENTATIONS AND WARRANTIES

Representation and Warranty	Loan Number	Mortgaged Property Name	Issue
1 (Ownership)	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	The Meadows Of Glen Ellyn The Hallmark At Battery Park Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes Village At Proprietors Green The Hallmark Of Creve Coeur Trillium Place Horizon Bay At Hyde Park Harvard Square Arbor Terrace Peachtree City Parkview In Frisco Arbor Terrace At Crabapple Emeritus At Brea Emeritus At Whittier Balfour Cherrywood Village	Pursuant to the loan documents, the lender is granted a collateral assignment of and security interest in, among other things, all licenses necessary to use and operate the mortgaged real property for its intended use. Under applicable law of most state and federal jurisdictions, healthcare licenses are not assignable; a governmental body must approve the issuance or transfer of healthcare licenses.
2 (Licenses, Permits and Authorization)	7	Village At Proprietors Green	The healthcare license necessary to use and operate the mortgaged real property for its intended use has expired. The borrower is in the process of renewing and/or reinstating the required healthcare license.
6 (No Modifications)	1 2 8 9	The Meadows Of Glen Ellyn The Hallmark At Battery Park The Hallmark Of Creve Coeur Trillium Place	The loan documents have been modified to permit the borrower, its operator or property manager to enter into an employee secondment agreement with affiliated entities, together with any related necessary amendments to the property management agreement. The employee secondment agreements were collaterally assigned as additional security for the underlying mortgage loan.
6 (No Modifications)	2 11 14	The Hallmark At Battery Park Harvard Square Arbor Terrace At Crabapple	The borrower has requested an extension of time to complete certain repairs. The mortgage loan seller is in the process of reviewing the request, or the borrower and the mortgage loan seller have modified or are in the process of modifying the loan documents to reflect the change.
6 (No Modifications)	2	The Hallmark At Battery Park	The loan documents have been, or are in the process of being modified to further clarify provisions regarding qualified paydowns with proceeds of condemnation awards.

Representation and Warranty	Loan Number	Mortgaged Property Name	Issue
7 (Valid First Lien)	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	The Meadows Of Glen Ellyn The Hallmark At Battery Park Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes Village At Proprietors Green The Hallmark Of Creve Coeur Trillium Place Horizon Bay At Hyde Park Harvard Square Arbor Terrace Peachtree City Parkview In Frisco Arbor Terrace At Crabapple Emeritus At Brea Emeritus At Whittier Balfour Cherrywood Village	Pursuant to the loan documents, the lender is granted a collateral assignment of and security interest in, among other things, all licenses necessary to use and operate the mortgaged real property for its intended use. Under applicable law of most state and federal jurisdictions, healthcare licenses are not assignable; a governmental body must approve the issuance or transfer of healthcare licenses.
7 (Valid First Lien)	15 16	Emeritus At Brea Emeritus At Whittier	Certain of the borrower's predecessors in interest reserved oil, gas, and other mineral rights with respect to the mortgaged real property.
7 (Valid First Lien)	2	The Hallmark At Battery Park	The borrower holds a sub-groundleasehold interest in the mortgaged real property. Fee title is held by an instrumentality of the State of New York, which master-leased the mortgaged real property to a master tenant that in turn subsequently entered into a ground lease with the borrower.
7 (Valid First Lien)	12	Arbor Terrace Peachtree City	The mortgaged real property is subject to, or is permitted to participate in Medicare, Medicaid or similar federal, state or local third party payor programs. Pursuant to the loan documents, the lender was granted a security interest in all rights to payments under such programs. Applicable law may prohibit any assignor from effectively assigning or granting a security interest in the rights to such payments under such programs.
8 (Title Insurance)	1 2 3 4 5 6 7 8 9 13	The Meadows Of Glen Ellyn The Hallmark At Battery Park Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes Village At Proprietors Green The Hallmark Of Creve Coeur Trillium Place Parkview In Frisco	With respect to each mortgaged real property located in Alaska, Arizona, Arkansas, Connecticut, District of Columbia, Illinois, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Texas, Washington or Wisconsin, each state has a lien statute relating to environmental remediation that could potentially impose a lien superior to the lien of the related mortgage.
8 (Title Insurance)	15 16	Emeritus At Brea Emeritus At Whittier	Certain of the borrower's predecessors in interest reserved oil, gas, and other mineral rights with respect to the mortgaged real property.

Representation and Warranty	Loan Number	Mortgaged Property Name	Issue
8 (Title Insurance)	2	The Hallmark At Battery Park	The borrower holds a sub-groundleasehold interest in the mortgaged real property. Fee title is held by an instrumentality of the State of New York, which master-leased the mortgaged real property to a master tenant that in turn subsequently entered into a ground lease with the borrower.
8 (Title Insurance)	9	Trillium Place	The mortgaged real property is located in Ohio, which has a statute that establishes priority in foreclosure for oil and gas leases, pipeline agreements and other instruments related to the production or sale of natural gas, including such leases, agreements and instruments that arise subsequent to the date of the title policy.
11 (Inspection of Mortgaged Property)	1 2 3 4 5 6 8 9	The Meadows Of Glen Ellyn The Hallmark At Battery Park Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes The Hallmark Of Creve Coeur Trillium Place	The mortgaged real property was inspected more than 12 months prior to the Closing Date.
14 (Compliance with Laws)	2	The Hallmark At Battery Park	There are outstanding building and/or fire code violations.
18 (Insurance)	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	The Meadows Of Glen Ellyn The Hallmark At Battery Park Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes Village At Proprietors Green The Hallmark Of Creve Coeur Trillium Place Horizon Bay At Hyde Park Harvard Square Arbor Terrace Peachtree City Parkview In Frisco Arbor Terrace At Crabapple Emeritus At Brea Emeritus At Whittier Balfour Cherrywood Village	Consistent with the mortgage loan seller's requirements, the professional liability policy issued in connection with the operation of the mortgaged real property as a seniors living facility does not name the mortgagee as an additional insured.
19 (Flood Insurance)	13	Parkview In Frisco	The mortgaged real property is located partially in a special flood zone area. Flood insurance is in an amount less than that required by the mortgage loan seller.

Representation and Warranty	Loan Number	Mortgaged Property Name	Issue
27 (Ground Leases)	2	The Hallmark At Battery Park	The underlying mortgage loan is secured only by the borrower's interest as a sublessee under a ground lease of the mortgaged real property and is not secured by the related fee interest in the mortgaged real property.
29 (Single Purpose Entity)	1 2 8 9	The Meadows Of Glen Ellyn The Hallmark At Battery Park The Hallmark Of Creve Coeur Trillium Place	The loan documents permit revenue derived from the mortgaged real property to be deposited into the borrower's separate bank account and, thereafter, swept into a common account of the borrower and certain of its affiliates.
31 (Access, Public Utilities and Separate Tax Parcels)	7	Village At Proprietors Green	The mortgaged real property is not served by a public utility with respect to sewage/waste disposal. Sanitary sewage wastewater treatment is provided by a private on-site wastewater treatment facility owned by the borrower and operated and maintained by a third party pursuant to written agreement.
38 (Insurance and Condemnation)	2	The Hallmark At Battery Park	The borrower holds a sub-groundleasehold interest in the mortgaged real property. The ground lease requires, among other things, that insurance proceeds relating to a casualty loss be used for restoration or repair of the mortgaged real property and held for disbursement by a depository that satisfies certain criteria set forth in the ground lease.
42 (Carveouts to Non-Recourse)	1 2 7 8 9 12 14 15 16 17	The Meadows Of Glen Ellyn The Hallmark At Battery Park Village At Proprietors Green The Hallmark Of Creve Coeur Trillium Place Arbor Terrace Peachtree City Arbor Terrace At Crabapple Emeritus At Brea Emeritus At Whittier Balfour Cherrywood Village	The guarantor is not a natural person.
42 (Carveouts to Non-Recourse)	3 4 5 6	Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes	There is no guarantor for this underlying mortgage loan.
47 (Appraisals)	1 2 3 4 5 6 8 9 17	The Meadows Of Glen Ellyn The Hallmark At Battery Park Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes The Hallmark Of Creve Coeur Trillium Place Balfour Cherrywood Village	The mortgage file for the mortgaged real property contains an appraisal that is not dated within 12 months of the Closing Date.

Representation and Warranty	Loan Number	Mortgaged Property Name	Issue
48 (Related Borrowers)	1 2 8 9	The Meadows Of Glen Ellyn The Hallmark At Battery Park The Hallmark Of Creve Coeur Trillium Place	To the mortgage loan seller's knowledge, these underlying mortgage loans have the borrowers that are entities controlled by one another or under common control.
48 (Related Borrowers)	7 17	Village At Proprietors Green Balfour Cherrywood Village	To the mortgage loan seller's knowledge, these underlying mortgage loans have the borrowers that are entities controlled by one another or under common control.
48 (Related Borrowers)	11 13	Harvard Square Parkview In Frisco	To the mortgage loan seller's knowledge, these underlying mortgage loans have the borrowers that are entities controlled by one another or under common control.
48 (Related Borrowers)	3 4 5 6	Pine Ridge Of Garfield Pine Ridge Of Plumbrook Villas Of Shelby Pine Ridge Of Hayes	To the mortgage loan seller's knowledge, these underlying mortgage loans have the borrowers that are entities controlled by one another or under common control.
48 (Related Borrowers)	15 16	Emeritus At Brea Emeritus At Whittier	To the mortgage loan seller's knowledge, these underlying mortgage loans have the borrowers that are entities controlled by one another or under common control.

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EXHIBIT D

DECREMENT TABLE FOR THE OFFERED PRINCIPAL BALANCE CERTIFICATES

Percentage of Initial Principal Balance Outstanding For:

Class A Certificates

0% CPR During Lockout and Prepayment Penalty Periods
— Otherwise at Indicated CPR

Prepayments

<u>Following the Distribution Date in—</u>	<u>0% CPR</u>	<u>25% CPR</u>	<u>50% CPR</u>	<u>75% CPR</u>	<u>100% CPR</u>
Closing Date.....	100%	100%	100%	100%	100%
May 2015.....	99%	99%	99%	99%	99%
May 2016.....	97%	97%	97%	97%	97%
May 2017.....	95%	95%	95%	95%	95%
May 2018.....	93%	93%	93%	93%	93%
May 2019.....	82%	82%	82%	82%	82%
May 2020.....	78%	78%	78%	77%	62%
May 2021.....	18%	18%	18%	18%	17%
May 2022.....	17%	17%	17%	17%	17%
May 2023.....	16%	16%	15%	14%	0%
May 2024 and thereafter.....	0%	0%	0%	0%	0%
Weighted average life (in years).....	6.43	6.42	6.41	6.40	6.21

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Exhibit E

PRICE/YIELD TABLE FOR THE CLASS X CERTIFICATES

Corporate Bond Equivalent (CBE) Yield of the Class X Certificates at Various CPRs*
0.5154% Per Annum Initial Coupon**
\$383,932,174 Total Initial Notional Amount

0% CPR During Lockout and Prepayment Penalty Periods
 — Otherwise at Indicated CPR

Price (%)***	0% CPR CBE Yield (%)	25% CPR CBE Yield (%)	50% CPR CBE Yield (%)	75% CPR CBE Yield (%)	100% CPR CBE Yield (%)
2.0000	17.10	17.07	17.04	16.99	16.23
2.0500	16.10	16.08	16.05	16.00	15.22
2.1000	15.15	15.12	15.09	15.04	14.25
2.1500	14.23	14.20	14.17	14.12	13.32
2.2000	13.34	13.32	13.28	13.23	12.42
2.2500	12.49	12.46	12.43	12.38	11.55
2.3000	11.67	11.64	11.61	11.55	10.71
2.3500	10.87	10.84	10.81	10.76	9.90
2.4000	10.10	10.08	10.04	9.99	9.12
2.4500	9.36	9.33	9.30	9.24	8.36
2.5000	8.64	8.61	8.58	8.52	7.63
Weighted Average Life (in years)	6.51	6.50	6.49	6.47	6.30

* Yields presented in the table above are based on an assumed LIBOR of 0.2000% *per annum* and discounting on a 30/360 day count convention. Assumes the exercise of the right to purchase the mortgage loans in the event the total Stated Principal Balance of the mortgage pool is less than 1.0% of the initial mortgage pool balance, as described under “The Series 2014-KS02 Pooling and Servicing Agreement—Termination” in this information circular.

** Approximate, after giving effect to payments of Additional Interest Distribution Amounts.

*** Exclusive of accrued interest.

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If you intend to purchase SPCs, you should rely only on the information in this Supplement, the Offering Circular and the Information Circular, including the information in the Incorporated Documents. We have not authorized anyone to provide you with different information.

This Supplement, the Offering Circular, the Information Circular and the Incorporated Documents may not be correct after their dates.

We are not offering the SPCs in any jurisdiction that prohibits their offer.

TABLE OF CONTENTS

Description	Page
Offering Circular Supplement	
Certain Risk Considerations	S-2
Terms Sheet	S-3
Available Information	S-6
General Information	S-7
Pass-Through Trust Agreement	S-7
Form of SPCs	S-7
Denominations of SPCs	S-7
Structure of Transaction	S-7
The Mortgages	S-8
Payments	S-9
Payment Dates; Record Dates	S-9
Method of Payment	S-9
Interest	S-9
Principal	S-10
Static Prepayment Premiums	S-10
Class Factors	S-11
Guarantees	S-11
Optional Termination; Redemption	S-11
Prepayment and Yield Analysis	S-12
Mortgage Prepayments	S-12
Yield	S-12
Suitability	S-13
Final Payment Dates	S-13
Certain Federal Income Tax Consequences	S-13
General	S-13
Classification of Investment Arrangement	S-14
Status of Classes	S-14
Information Reporting	S-14
Foreign Account Tax Compliance Act	S-14
Legal Investment Considerations	S-15
Accounting Considerations	S-15
ERISA Considerations	S-15
Plan of Distribution	S-15
Legal Matters	S-15
Appendix A — Transaction Summary	S-A-1
Information Circular	
Important Notice Regarding the Certificates	4
Important Notice about Information Presented in this Information Circular	4
Circular	4
IRS Circular 230 Notice	4
Summary of Information Circular	5
Risk Factors	36
Capitalized Terms Used in this Information Circular	88
Forward-Looking Statements	88
Description of the Issuing Entity	88
Description of the Depositor	89
Description of the Mortgage Loan Seller and Guarantor	90
Description of the Underlying Mortgage Loans	94
Senior Living Facility Operations	121
Description of the Series 2014-KS02 Certificates	131
Yield and Maturity Considerations	153
The Series 2014-KS02 Pooling and Servicing Agreement	161
Certain Federal Income Tax Consequences	208
State and Other Tax Considerations	219
Use of Proceeds	219
Plan of Distribution	219
Legal Matters	219
Glossary	220
Exhibits to Information Circular	
Exhibit A-1 — Certain Characteristics of the Underlying Mortgage Loans and the Related Mortgaged Real Properties	A-1-1
Exhibit A-2 — Certain Mortgage Pool Information	A-2-1
Exhibit A-3 — Description of the Top Ten Mortgage Loans or Groups of Cross-Collateralized Mortgage Loans	A-3-1
Exhibit B — Form of Certificate Administrator's Statement to Certificateholders	B-1
Exhibit C-1 — Mortgage Loan Seller's Representations and Warranties	C-1-1
Exhibit C-2 — Exceptions to Mortgage Loan Seller's Representations and Warranties	C-2-1
Exhibit D — Decrement Table for the Offered Principal Balance Certificates	D-1
Exhibit E — Price/Yield Table for the Class X Certificates	E-1

\$326,342,000
(Approximate)

Freddie Mac

Structured Pass-Through Certificates (SPCs)
Series K-S02



MultifamilySM

Lead Manager and Sole Bookrunner

Wells Fargo Securities

Co-Managers

BofA Merrill Lynch

J.P. Morgan

Mischler Financial Group, Inc.

May 13, 2014

**Freddie Mac
Structured Pass-Through Certificates (SPCs)
Series K-S02**