

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

March 15, 2021 (March 12, 2021)

Arbor Realty Trust, Inc.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND
(STATE OF INCORPORATION)

001-32136
(COMMISSION FILE NUMBER)

20-0057959
(IRS EMPLOYER ID. NUMBER)

333 Earle Ovington Boulevard, Suite 900
Uniondale, New York
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

11553
(ZIP CODE)

(516) 506-4200
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbols</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	ABR	New York Stock Exchange
Preferred Stock, 8.25% Series A Cumulative Redeemable, par value \$0.01 per share	ABR-PA	New York Stock Exchange
Preferred Stock, 7.75% Series B Cumulative Redeemable, par value \$0.01 per share	ABR-PB	New York Stock Exchange
Preferred Stock, 8.50% Series C Cumulative Redeemable, par value \$0.01 per share	ABR-PC	New York Stock Exchange

Item 1.01 Entry into a Material Definitive Agreement.

On March 15, 2021, Arbor Realty Trust, Inc. (“Arbor”) announced that two of its consolidated subsidiaries, Arbor Realty Commercial Real Estate Notes 2021-FL1, Ltd. (the “Issuer”) and Arbor Realty Commercial Real Estate Notes 2021-FL1, LLC (the “Co-Issuer” and together with the Issuer, the “Co-Issuers”) issued \$655,475,000 principal amount of investment grade-rated notes (the “Offered Notes”) and \$68,687,000 principal amount of below investment grade-rated notes (collectively with the Offered Notes, the “Notes,”) evidencing a commercial real estate mortgage securitization (the “Securitization”), and sold such Notes in a private placement. Simultaneously with the issuance of the Notes: (1) the Issuer issued and sold preferred shares (“the Preferred Shares”) with a notional amount of \$60,838,000 to a consolidated subsidiary of Arbor, and (2) the \$68,687,000 of below investment grade-rated notes were purchased by a consolidated subsidiary of Arbor.

The Notes were issued pursuant to an indenture, dated as of March 12, 2021. The information contained in Item 2.03 of this Form 8-K regarding the terms of the indenture and the Notes is incorporated by reference into this Item 1.01.

The Notes have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The net proceeds of the sale of the Notes will be used to repay borrowings under Arbor’s current credit facilities, pay transaction expenses and fund future loans and investments.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The aggregate principal amounts of the following eight classes of Notes (each, a “Class”) were issued pursuant to the terms of an indenture, dated as of March 12, 2021 (the “Indenture”) by and among the Co-Issuers, Arbor Realty SR, Inc., as advancing agent, U.S. Bank, National Association, as trustee, paying agent, calculation agent, transfer agent, custodial securities intermediary, backup advancing agent, notes registrar and custodian: (1) \$447,450,000 aggregate principal amount of Class A Senior Secured Floating Rate Notes; (2) \$51,025,000 aggregate principal amount of Class A-S Senior Secured Floating Rate Notes; (3) \$36,306,000 aggregate principal amount of Class B Secured Floating Rate Notes; (4) \$45,137,000 aggregate principal amount of Class C Secured Floating Rate Notes; (5) \$56,913,000 aggregate principal amount of Class D Secured Floating Rate Notes; (6) \$18,644,000 aggregate principal amount of Class E Secured Floating Rate Notes; (7) \$42,193,000 aggregate principal amount of Class F Floating Rate Notes; and (8) \$26,494,000 aggregate principal amount of Class G Floating Rate Notes. Simultaneously with the issuance of the Notes, the Issuer also issued and sold Preferred Shares with a notional amount of \$60,838,000 to a consolidated subsidiary of Arbor and the Class F and G Floating Rate Notes were purchased by a consolidated subsidiary of Arbor.

As of March 12, 2021 (the “Closing Date”), the Notes are secured by a portfolio of real estate related assets and cash with a face value of approximately \$785,000,000, with real estate related assets consisting primarily of first-lien mortgage bridge loans. Through its ownership of the equity of the Issuer, Arbor intends to own the portfolio of collateral interests until its maturity and will account for the issuance of the Offered Notes on its balance sheet as a financing. The financing has an approximate two-and-a-half-year replacement period that allows the principal proceeds and sale proceeds (if any) of the collateral interests to be reinvested in qualifying replacement collateral interests, subject to the satisfaction of certain conditions set forth in the Indenture. The proceeds of the issuance of the securities also includes \$149,802,991 for the purpose of acquiring additional collateral interests for a period of up to 180 days from the Closing Date, at which point it is expected that the Issuer will own collateral interests with a face value of approximately \$785,000,000. If the Issuer is unable to invest any financing capacity in suitable collateral interests within 180 days of the Closing Date, remaining cash and cash equivalents will be used to redeem the Notes in order of seniority pursuant to the Indenture.

The collateral interests acquired on the Closing Date were purchased by the Issuer from a consolidated subsidiary of Arbor, and the seller made certain representations and warranties to the Issuer with respect to the collateral interests it sold. If any such representations or warranties are materially inaccurate, the Issuer may compel the seller to repurchase the affected collateral interests from it for an amount not exceeding par plus accrued interest and certain additional charges, if then applicable. Additional collateral interests and replacement collateral interests are expected to be purchased on similar terms, pursuant to criteria and conditions set forth in the Indenture.

The Issuer entered into a Collateral Management Agreement with Arbor Realty Collateral Management, LLC, a consolidated subsidiary of Arbor (the “Collateral Manager”) pursuant to which the Collateral Manager has agreed to advise the Issuer on certain matters regarding the collateral interests and other eligible investments securing the Notes. The Collateral Manager has waived its right to receive a management fee for the services rendered under the Collateral Management Agreement.

The Issuer, the Collateral Manager and the trustee entered into a Servicing Agreement with Arbor Multifamily Lending, LLC, a majority-owned subsidiary of Arbor (the “Servicer”) pursuant to which the Servicer has agreed to act as the servicer and special servicer for the collateral interests. In connection with its duties under the Servicing Agreement, the Servicer has waived its right to servicing and special servicing fees but will be entitled to reimbursement of certain costs and expenses.

The Notes represent non-recourse obligations of the Issuer payable solely from the collateral interests and certain other assets pledged under the Indenture. To the extent the collateral interests and other pledged assets are insufficient to make payments in respect of the Notes, neither of the Co-Issuers will have any obligation to pay any further amounts in respect of the Notes.

The Offered Notes have an initial weighted average interest rate of approximately 1.33% plus one-month LIBOR. Interest payments on the Notes are payable monthly, beginning on April 15, 2021, to and including December 15, 2035, the stated maturity date of the Notes. As advancing agent under the Indenture, Arbor Realty SR, Inc., a consolidated subsidiary of Arbor, may be required to advance interest payments due on the Notes on the terms and subject to the conditions set forth in the Indenture. Arbor Realty SR, Inc. is entitled to receive a fee, payable on a quarterly basis in accordance with the priority of payments set forth in the Indenture, equal to 0.07% per annum on the aggregate outstanding principal amount of the Notes.

Each Class of Notes will mature at par on December 15, 2035, unless redeemed or repaid prior thereto. Principal payments on each Class of Notes will be paid at the stated maturity in accordance with the priority of payments set forth in the Indenture. However, it is anticipated that the Notes will be paid in advance of the stated maturity date in accordance with the priority of payments set forth in the Indenture. The weighted average life of the Notes is currently expected to be between 3.55 years and 5.06 years. The calculation of the weighted average lives of the Notes assumes certain collateral characteristics including that there are no prepayments, defaults, extensions or delinquencies. There is no assurance that such assumptions will be met.

In general, payments of principal and interest (including any defaulted interest amount) on the Class A Notes will be senior to all payments of principal and interest on the Class A-S, B, C, D, E, F and G Notes; payments of principal and interest (including any defaulted interest amount) on the Class A-S Notes will be senior to all payments of principal and interest on the Class B, C, D, E, F and G Notes; payments of principal and interest (including any defaulted interest amount) on the Class B Notes will be senior to all payments of principal and interest on the Class C, D, E, F and G Notes; payments of principal and interest (including any defaulted interest amount) on the Class C Notes will be senior to all payments of principal and interest on the Class D, E, F and G Notes; payments of principal and interest (including any defaulted interest amount) on the Class D Notes will be senior to all payments of principal and interest on the Class E, F and G Notes; payments of principal and interest (including any defaulted interest amount) on the Class E Notes will be senior to all payments of principal and interest on the Class F and G Notes; and payments of principal and interest (including any defaulted interest amount or deferred interest amount) on the Class F Notes will be senior to all payments of principal and interest on the Class G Notes. Payments on the Notes will be senior to dividends and all other distributions in respect of the Preferred Shares.

The Notes are subject to a clean-up call redemption (at the option of and at the direction of the Collateral Manager), in whole but not in part, on any interest payment date on which the aggregate outstanding principal amount of the Notes has been reduced to 10% or less of the aggregate outstanding principal amount of the Offered Notes outstanding on the issuance date.

Subject to certain conditions described in the Indenture, on September 15, 2023, and on any interest payment date thereafter, the Issuer may redeem the Notes and the Preferred Shares at the direction of the holders of a majority of the Preferred Shareholders.

The Notes are also subject to a mandatory redemption on any interest payment date on which certain note protection tests set forth in the Indenture are not satisfied and following the end of the 180-day period for acquisition of additional assets if the ratings assigned to the Notes as of the Closing Date are downgraded or withdrawn. Any mandatory redemption of the Notes is to be paid from interest and principal proceeds of the collateral interests in accordance with the priority of payments set forth in the Indenture, until the applicable note protection tests are satisfied or the applicable ratings are reinstated.

If certain events occur that would make the Issuer subject to paying U.S. income taxes or would make certain payments to or from the Issuer subject to withholding tax, then the holders of a majority of the Preferred Shareholders may require that the Issuer prepay all of the Notes.

Arbor Realty SR, Inc. has agreed to comply with the retention requirements of Regulation RR under the Securities Exchange Act of 1934, as amended, by causing a “majority-owned affiliate” (as defined in Regulation RR) to retain Preferred Shares in an amount equal to not less than 5% of the fair value of the Notes and Preferred Shares as of the Closing Date. However, if Regulation RR is modified or repealed, Arbor Realty SR, Inc. may choose to comply with Regulation RR as is then in effect.

The redemption price for each Class of Notes is generally the aggregate outstanding principal amount of such Class, plus accrued and unpaid interest (including any defaulted interest amounts and deferred interest amounts, as applicable).

In addition to standard events of default, the Indenture also contains the following events of default: (1) a requirement of the Issuer, Co-Issuer or pool of assets securing the Notes to register as an investment company under the Investment Company Act of 1940, as amended, and (2) the loss of the Issuer’s status as a qualified REIT subsidiary or other disregarded entity of Arbor Realty SR, Inc.

Item 7.01 Regulation FD Disclosure.

On March 15, 2021, Arbor issued a press release announcing the closing of the commercial real estate mortgage securitization disclosed in Items 1.01 and 2.03 of this Form 8-K, a copy of which is furnished as Exhibit 99.1 hereto.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit Number	Exhibit
99.1	Press release, dated March 15, 2021.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

EXHIBIT INDEX

Exhibit Number

99.1	Press release, dated March 15, 2021.
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARBOR REALTY TRUST, INC.

By: /s/ Paul Elenio

Name: Paul Elenio

Title: Chief Financial Officer

Date: March 15, 2021



Arbor Realty Trust Closes a \$785 Million Collateralized Securitization Vehicle

Uniondale, NY, March 15, 2021 -- Arbor Realty Trust, Inc. (NYSE: ABR), today announced the closing of a \$785 million commercial real estate mortgage securitization (the "Securitization"). This is Arbor's fourteenth collateralized securitization vehicle. An aggregate of approximately \$655 million of investment grade-rated notes were issued (the "Notes") and Arbor retained subordinate interests in the issuing vehicle of approximately \$130 million. The \$785 million of collateral includes approximately \$150 million of capacity to acquire additional loans for a period of up to 180 days from the closing date of the Securitization.

The Notes have an initial weighted average spread of approximately 133 basis points over one-month LIBOR, excluding fees and transaction costs. The facility has a two-and-a-half-year replenishment period that allows the principal proceeds from repayments of the portfolio assets to be reinvested in qualifying replacement assets, subject to certain conditions.

The offering of the Notes was made pursuant to a private placement. The Notes were issued under an indenture and are secured initially by a portfolio of real estate related assets and cash with a face value of \$785 million, with such real estate related assets consisting primarily of first mortgage bridge loans.

Arbor intends to own the portfolio of real estate related assets through the vehicle until its maturity and expects to account for the Securitization on its balance sheet as a financing. Arbor will use the proceeds of this Securitization to repay borrowings under its current credit facilities, pay transaction expenses and to fund future loans and investments.

Certain of the Notes were rated by Moody's Investors Service, Inc. and all of the Notes were rated by DBRS, Inc.

The Notes are not registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent an applicable exemption from registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such state or jurisdiction.

About Arbor Realty Trust, Inc.

Arbor Realty Trust, Inc. (NYSE: ABR) is a nationwide real estate investment trust and direct lender, providing loan origination and servicing for multifamily, seniors housing, healthcare and other diverse commercial real estate assets. Headquartered in New York, Arbor manages a multibillion-dollar servicing portfolio, specializing in government-sponsored enterprise products. Arbor is a Fannie Mae DUS@ lender and Freddie Mac Optigo Seller/Service. Arbor's product platform also includes CMBS, bridge, mezzanine and preferred equity lending. Rated by Standard and Poor's and Fitch Ratings, Arbor is committed to building on its reputation for service, quality and customized solutions with an unparalleled dedication to providing our clients excellence over the entire life of a loan.

Safe Harbor Statement

Certain items in this press release may constitute forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Arbor can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from Arbor’s expectations include, but are not limited to, changes in economic conditions generally, and the real estate markets specifically, in particular, due to the uncertainties created by the COVID-19 pandemic, continued ability to source new investments, changes in interest rates and/or credit spreads, and other risks detailed in Arbor’s Annual Report on Form 10-K for the year ended December 31, 2020 and its other reports filed with the SEC. Such forward-looking statements speak only as of the date of this press release. Arbor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Arbor’s expectations with regard thereto or change in events, conditions, or circumstances on which any such statement is based.

<u>Contacts:</u> Arbor Realty Trust, Inc. Paul Elenio, Chief Financial Officer 516-506-4422 pelenio@arbor.com	Investors: The Ruth Group Daniel Kontoh-Boateng/James Salierno 646-536-7019/7028 dboateng@theruthgroup.com jsalierno@theruthgroup.com	Media: Bonnie Habyan Chief Marketing Officer 516-506-4615 bhabyan@arbor.com
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