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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):
July 15, 2016 (July 15, 2016)

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))

Item 8.01 Other Events

Attached hereto as Exhibit 99.1 are the audited combined balance sheets for the Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries, as of December 31, 2015 and December 31, 2014, and the related audited combined statements of income, changes in invested equity and cash flows for each of the three years in the period ended December 31, 2015.

Attached hereto as Exhibit 99.2 are the unaudited combined balance sheet for the Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries, as of March 31, 2016, the related unaudited combined statements of income and cash flows for the three months ended March 31, 2016 and 2015, and the unaudited combined statement of changes in invested equity for the three months ended March 31, 2016.

Attached hereto as Exhibit 99.3 are the unaudited pro forma consolidated balance sheet of Arbor Realty Trust, Inc. (the "Company") as of March 31, 2016 and the unaudited pro forma consolidated statements of income of the Company for the three months ended March 31, 2016 and the year ended December 31, 2015, in each case reflecting the Company's acquisition of the Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries (the "ACM Agency Business Acquisition").

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit
23.1	Consent of Grant Thornton LLP.
99.1	Audited Combined Financial Statements for the Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries as of December 31, 2015 and 2014 and for the Three Years Ended December 31, 2015.
99.2	Unaudited Combined Financial Statements for the Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries for the Three Months Ended March 31, 2016.
99.3	Unaudited Pro Forma Consolidated Financial Information of the Company for the ACM Agency Business Acquisition.

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: July 15, 2016

EXHIBIT INDEX

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99.3	Unaudited Pro Forma Consolidated Financial Information of the Company for the ACM Agency Business Acquisition.

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Item 8.01 Other Events
Item 9.01 Financial Statements and Exhibits.

SIGNATURE
EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated March 31, 2016, with respect to the combined financial statements of The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries as of December 31, 2015 and 2014 and for the each of the three years in the period ended December 31, 2015 which is included in the Current Report on Form 8-K of Arbor Realty Trust, Inc., filed with the Securities and Exchange Commission on July 15, 2016. We consent to the incorporation by reference of said report in the Registration Statements of Arbor Realty Trust, Inc. on Form S-8 (File No. 333-196144).

/s/ Grant Thornton LLP

New York, New York

July 15, 2016

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Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Use these links to rapidly review the document
Exhibit 99.1

Exhibit 99.1

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of Arbor Commercial Mortgage, LLC and Subsidiaries

We have audited the accompanying combined balance sheets of the Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and subsidiaries, as of December 31, 2015 and 2014, and the related combined statements of income, changes in invested equity, and cash flows for each of the three years ended December 31, 2015, and the related notes to the combined financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits, the combined carve out financial statements referred to above present fairly, in all material respects, the financial position of the Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the three years ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

New York, New York

March 31, 2016

THE CARVE-OUT AGENCY BUSINESS OF ARBOR COMMERCIAL MORTGAGE, LLC AND SUBSIDIARIES

COMBINED BALANCE SHEETS

	December 31,	
	2015	2014
ASSETS		
Cash and cash equivalents	$ 41,227,812	$ 39,059,530
Restricted cash	21,484,553	—
Loans held-for-sale	268,918,415	250,843,672
Investments available-for-sale	2,675,992	—
Capitalized mortgage servicing rights, net	155,749,764	137,430,760
Other assets	3,485,820	4,287,169
Property and equipment, net	4,800,797	1,926,138
Total assets	$ 498,343,153	$ 433,547,269
LIABILITIES AND INVESTED EQUITY		
Credit facilities	$ 288,258,783	$ 250,978,379
Accounts payable and accrued expenses	22,208,831	20,259,561
Allowance for loss-sharing obligations	28,564,318	26,747,435
Total liabilities	339,031,932	297,985,375
Invested equity	159,311,221	135,561,894
Total liabilities and invested equity	$ 498,343,153	$ 433,547,269

The accompanying notes are an integral part of these combined financial statements.

THE CARVE-OUT AGENCY BUSINESS OF ARBOR COMMERCIAL MORTGAGE, LLC AND SUBSIDIARIES

COMBINED STATEMENTS OF INCOME

	Year Ended December 31,		
	2015	2014	2013
REVENUES			
Interest earned	$ 10,126,362	$ 6,604,800	$ 4,661,562
Fee-based services, including gain on sales, net	51,317,161	40,966,590	31,660,933
Originated mortgage servicing rights	47,613,684	39,591,436	38,562,283
Servicing revenue, net	27,821,577	23,444,850	18,906,111
Total revenue	136,878,784	110,607,676	93,790,889
EXPENSES			
Interest expense	7,069,803	3,591,556	3,508,154
Employee compensation and benefits	54,616,324	47,822,993	42,336,822
Selling and administrative	14,626,542	11,256,941	10,959,107
Provision for loss sharing	3,784,505	2,616,325	2,630,969
Total expenses	80,097,174	65,287,815	59,435,052
Net income	$ 56,781,610	$ 45,319,861	$ 34,355,837

The accompanying notes are an integral part of these combined financial statements.

THE CARVE-OUT AGENCY BUSINESS OF ARBOR COMMERCIAL MORTGAGE, LLC AND SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN INVESTED EQUITY

	Invested Equity
Balance—December 31, 2013	$ 112,093,332
Withdrawals and distributions	(21,851,299)
Net income	45,319,861
Balance—December 31, 2014	135,561,894
Withdrawals and distributions	(33,032,283)
Net income	56,781,610
Balance—December 31, 2015	$ 159,311,221

The accompanying notes are an integral part of these combined financial statements.

THE CARVE-OUT AGENCY BUSINESS OF ARBOR COMMERCIAL MORTGAGE, LLC AND SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 56,781,610	$ 45,319,861	$ 34,355,837
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	740,202	731,024	732,890
Amortization of deferred financing costs	1,112,102	500,734	802,061
Amortization of capitalized mortgage servicing rights	21,940,282	18,485,482	15,093,527
Capitalization of mortgage servicing rights	(47,613,684)	(39,591,436)	(38,562,283)
Write-off of capitalized mortgage servicing rights from servicing sales and payoffs	7,354,398	2,631,466	173,924
Gain on retained investments available-for-sale	(2,675,992)	—	—
Provision for loss sharing	3,784,505	2,616,325	2,630,969
Changes in operating assets and liabilities			
Loans held for sale	(18,074,743)	(87,005,852)	60,946,785
Allowance for loss-sharing—chargeoffs, net	(1,967,622)	(1,515,992)	(8,180,724)
Other assets	412,469	(1,907,138)	684,615
Accounts payable and accrued expenses	1,949,270	(357,952)	2,286,631
Net cash provided by (used in) operating activities	23,742,797	(60,093,478)	70,964,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment, net	(3,614,861)	(219,183)	(718,175)
Restricted cash	(21,484,553)	20,354,060	(4,056,732)
Net cash (used in) provided by investing activities	(25,099,414)	20,134,877	(4,774,907)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in credit facilities	37,370,284	82,049,286	(61,972,956)
Payment of deferred financing costs	(813,102)	(1,028,755)	(480,918)
(Withdrawals and distributions)/contributions	(33,032,283)	(21,851,299)	3,211,249
Net cash provided by (used in) financing activities	3,524,899	59,169,232	(59,242,625)
Net increase in cash and cash equivalents	2,168,282	19,210,631	6,946,700
Cash and cash equivalents at beginning of year	39,059,530	19,848,899	12,902,199
Cash and cash equivalents at end of year	$ 41,227,812	$ 39,059,530	$ 19,848,899
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 3,405,507	$ 1,972,423	$ 1,945,912
Noncash investing and financing activities:			
Retained investments available-for-sale	2,675,992	—	—
Reclassification of deferred financing costs from other assets to credit facilities	431,629	341,749	523,831

The accompanying notes are an integral part of these combined financial statements.

THE CARVE-OUT AGENCY BUSINESS OF ARBOR COMMERCIAL MORTGAGE, LLC AND SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

The agency business ("*Agency Business*") of Arbor Commercial Mortgage, LLC and Subsidiaries ("*ACM*") is comprised of its (i) underwriting, originating, selling and servicing multifamily mortgages under the Federal National Mortgage Association ("*Fannie Mae*") delegated underwriting and servicing ("*DUS*"), U.S. Department of Housing and Urban Development ("*HUD*")/Federal Housing Administration ("*FHA*"), Government National Mortgage Association ("*GNMA*"), Freddie Mac and conduit/commercial mortgage-backed securities ("*CMBS*") programs, and (ii) certain assets and liabilities related to the Agency Business primarily consisting of the mortgage servicing rights related to the agency servicing portfolio, agency loans held for sale, warehouse financing of agency loans held for sale and other assets and liabilities directly related to the Agency Business.

The Agency Business of ACM is not a separate legal entity and has never operated as a separate, stand-alone entity of ACM but rather as a component in multiple legal entities within ACM's consolidated operations. Within these combined financial statements, "we," "us" and "our" refers to the Agency Business.

Agreement to Sell Agency Business

On February 25, 2016, ACM entered into an Asset Purchase Agreement (the "*Purchase Agreement*") to sell its Agency Business to Arbor Realty Trust, Inc. ("*ART*") for $250.0 million. ACM is the external manager of ART, a publicly traded real estate investment trust (NYSE: ABR) and a related party to ACM. The purchase price is to be received 50% in cash and 50% in operating partnership units which are redeemable for cash, or at ART's option, for shares of ART common stock on a one-for-one basis ("*OP Units*"). The equity component of the purchase price consists of 19.23 million OP Units which was based on a stock price of $6.50 per share. Each of the OP Units will be paired with a share of newly-designated special voting preferred stock of ART which will entitle ACM to one vote per share on any matter submitted to a vote of ART's stockholders. The purchase price is subject to potential adjustment based on changes in the value of ACM's servicing portfolio being sold on the closing date. ACM has offered the option, at the discretion of the special committee of ART's board of directors, to provide for up to $50.0 million of financing to satisfy a portion of the cash consideration to be paid by ART. All of the ACM employees directly related to the Agency Business (approximately 230 employees) will become employees of ART following the consummation of the transaction.

In addition, pursuant to the Purchase Agreement, ACM has provided a two year option to ART to purchase the existing Management Agreement and fully internalize the management structure of ART for $25.0 million (increasing to $27.0 million in the second year). The option period will begin at the closing date of the sale of the Agency Business to ART and will expire two years thereafter. The exercise of this option is at the discretion of the special committee of ART's board of directors, which has no obligation to exercise its option.

The transactions contemplated pursuant to the Purchase Agreement will require certain government and GSE approvals as well as a vote of the stockholders of ART and other third party

1. Description of Business and Summary of Significant Accounting Policies (Continued)

approvals. These transactions are expected to close during the third quarter of 2016; however, there can be no assurances that these transactions will be completed during this period or at all.

The Purchase Agreement provides that (i) either ACM or ART may terminate the Purchase Agreement if, among certain other circumstances, the conditions to the transactions have become incapable of fulfillment prior to August 15, 2016 (which may be extended by a period of three months if required antitrust approvals have not been received by August 15, 2016), (ii) ART may terminate the Purchase Agreement if (a) their special committee withdraws or adversely changes its approval or recommendation with respect to the transaction or (b) if the issuance of ART common stock or the OP Units would be deemed too dilutive to ART or the capital markets are unreceptive to any offering of ART common stock (as determined by ART's special committee). The Purchase Agreement also provides that upon termination under specified circumstances, including, among others, termination by ART pursuant to the items described in clause (ii) above, ART will pay ACM a termination fee of $3.0 million.

Basis of Presentation

The accompanying combined financial statements are presented on a carve-out basis and have been prepared from the historical consolidated balance sheets, statements of income and cash flows attributable to the Agency Business of ACM and in accordance with principles generally acceptable in the United States of America ("*GAAP*"). The combined financial statements of the Agency Business reflect the assets, liabilities, revenue and expenses directly attributable to the Agency Business, as well as allocations deemed reasonable by management, to present the combined financial position, results of operations, changes in equity and cash flows of the Agency Business on a stand-alone basis. The allocation methodologies are described below and within the notes to the combined financial statements where appropriate, and management considers the allocations to be reasonable. The historical financial information included herein may not necessarily reflect the combined financial position, results of operations, changes in equity and cash flows of the Agency Business in the future or what they would have been had the Agency Business been a separate, stand-alone entity during the periods presented.

These combined financial statements include the assets, liabilities, revenues and expenses that are specifically identifiable to the Agency Business. For items not specifically identifiable, expenses have been allocated to the Agency Business from ACM including compensation and employee related expenses, selling and administrative expenses (i.e., telephone, office equipment rental and maintenance, office supplies and marketing) and other expenses directly associated with the revenue-generating activities of the Agency Business. Allocation of expenses to the Agency Business from ACM were made using the most meaningful allocation methodologies, which were primarily based on proportionate direct labor costs (i.e., time spent working on the Agency Business) or geographic location. Costs related to marketing, treasury, information technology, accounting and finance, facilities, human resources, administration and certain senior executives were allocated based on their proportionate direct labor costs. Substantially all operating leases and property and equipment will be acquired by ART in connection with the sale of the Agency Business. Income taxes have been accounted for in

1. Description of Business and Summary of Significant Accounting Policies (Continued)

these financial statements as described below. All of these allocations are based on assumptions that management believes are reasonable under the circumstances.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Significant estimates include the allowance for possible credit losses, guaranty obligations, mortgage servicing rights and the allocations associated with these combined financial statements. Actual results could differ from these estimates.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. We place our cash and cash equivalents in major financial institutions. The consolidated account balances at each institution exceeds Federal Deposit Insurance Corporation ("*FDIC*") insurance coverage and we believe that this risk is not significant.

Restricted Cash

Restricted cash is required as collateral for possible losses resulting from loans originated under the Fannie Mae DUS program in accordance with the terms of loss sharing agreements between Fannie Mae and ACM. In December 2014, we replaced the cash collateral posted to satisfy our restricted cash requirements with a major financial institution letter of credit of up to $35.0 million which is collateralized by our servicing revenue as approved by Fannie Mae. At December 31, 2015, our $34.4 million restricted cash requirement was satisfied with a $33.5 million letter of credit and $0.9 million of cash collateral. At December 31, 2014, our $30.0 million restricted cash requirement was fully satisfied with this letter of credit.

As an approved designated seller/servicer of Freddie Mac's Small Balance Loan Program ("*SBL Program*"), we are required to post collateral to ensure that we are able to meet certain purchase and loss obligations required by this program. Under the SBL Program, we were, until recently (see below), required to post cash collateral equal to 9% of the unpaid principal balance ("*UPB*") for each loan purchased by Freddie Mac. The Collateral is held during the period of time when Freddie Mac is aggregating loans that were sold by us to pool into a securitization. We utilize a financing facility to fund a portion of this cash collateral requirement, see Note 7—Credit Facilities for further details. At December 31, 2015, we posted cash collateral of $20.6 million in satisfaction of our requirements under this program. We borrowed $15.7 million from a financing facility to fund the majority of the cash collateral posted. Effective March 2016, the cash collateral requirements were changed from 9% of UPB for each loan to a flat $5.0 million per securitization.

Loans Held-for-Sale

Loans held-for-sale are collateralized commercial real estate loans and are reported at the lower of cost or market, on an aggregate basis. The loans held for sale represent originated loans that are

1. Description of Business and Summary of Significant Accounting Policies (Continued)

generally transferred or sold within 60 days from the date that a mortgage loan is funded. During the period prior to its sale, interest income on a loan held for sale is calculated in accordance with the terms of the individual loan. Loan origination fees and direct loan origination costs are deferred until the related loans are sold.

Investments Available-for-Sale

We acquire agency commercial interest-only securities ("*Agency IOs*") under the SBL Program that are classified as available-for-sale and carried at fair value on our combined balance sheet. The Agency IOs refer to an interest-only component of the cash flows from a pool of commercial mortgage loans issued by the Freddie Mac securitizations under the SBL Program. We have elected the fair value option for our Agency IOs, which requires changes in fair value recognized as unrealized gains and losses through earnings in our combined statements of income. We determine the fair value by obtaining valuations from an independent source. Interest income on these investment securities is accrued based on the outstanding principal balance and their contractual terms. See Note 3—Investments Available-for-Sale for further details.

Mortgage Servicing Rights

We recognize, as separate assets, rights to service mortgage loans for others. Accounting guidance requires that an asset be recognized for the rights to service mortgage loans, including those rights that are created by the origination of mortgage loans that are sold with the servicing rights retained by the originator. The recognition of the asset results in an increase in the gains recognized upon the sale of the mortgage loans sold. For these mortgage servicing rights ("*MSRs*"), the initial capitalized valuation of the MSRs is equal to the estimated fair value of the expected net cash flows associated with the servicing rights. We amortize MSRs using the amortization method, which requires that MSRs be amortized in proportion to and over the period of estimated net servicing income or net servicing loss and that the servicing assets or liabilities be assessed for impairment or increased obligation based on fair value at each reporting date. Amortization of MSRs is recorded as a reduction of servicing revenues. The following assumptions were used in calculating each loan's MSR for the periods presented:

Key rates: We used discount rates ranging from 9% to 15% based on management's best estimate of market discount rates to determine the present value of MSRs. The inflation rate used for adequate compensation was 3%.

Servicing Cost: The estimated future cost to service the loan for the estimated life of the MSR is subtracted from the estimated future cash flows.

Estimated Life: We estimate the life of our MSRs based upon the stated yield maintenance and/or prepayment protection term of the underlying loan and may be reduced by 6 to 12 months based upon the expiration of various types of prepayment penalty and/or lockout provisions prior to that stated maturity date.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

We assess MSRs for impairment based on the fair value of those rights. Fair values are estimated considering market prices for similar MSRs, when available, and by estimating the present value of the future net cash flows of the capitalized MSRs, net of adequate compensation for servicing. Adequate compensation is based on the market rate of similar servicing contracts. We estimate the terms of commercial servicing for each loan by assuming that servicing would not end prior to the yield maintenance date, if applicable, at which point the prepayment penalty expires. MSRs are amortized in proportion to and over the period of estimated net servicing income.

We measure the impairment of MSRs based on the difference between the aggregate carrying amount of the MSRs and their aggregate fair value. For purposes of impairment evaluation, the MSRs are stratified based on predominant risk characteristics of the underlying loans, which we have identified as loan type, note rate and yield maintenance provisions. To the extent that the carrying value of the MSRs exceeds fair value, a valuation allowance is established. As of December 31, 2015 and 2014, we had no valuation allowance.

We record write-offs of MSRs related to loans that were repaid prior to the expected maturity and loans that defaulted and are determined to be unrecoverable. When this occurs, the write-off is recorded as a direct write-down to the carrying value of MSRs and is included as a component of servicing revenue, net on the combined statements of income. This direct write-down permanently reduces the carrying value of the MSRs, precluding recognition of subsequent recoveries. During 2015, 2014 and 2013, we recorded $7.4 million, $2.6 million and $0.2 million, respectively, of such write-offs relating to specific MSRs, primarily due to prepayments of certain loans. Prepayment fees totaling $6.5 million, $2.9 million, and $0.5 million were collected for 2015, 2014, and 2013, respectively, and are included as a component of servicing revenue, net on the combined statements of income.

Property and Equipment, Net

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful life of the furniture and equipment ranging from three to seven years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining lease period. Construction in progress relates to a renovation project on our corporate headquarters that has not yet been placed into service for our intended use. Construction in progress costs will be transferred to furniture and equipment or leasehold improvements, as applicable, and depreciation will begin once these items are placed into service.

Allowance for Loss-Sharing Obligations

When a loan is sold under the Fannie Mae DUS program, we undertake an obligation to partially guarantee the performance of the loan. Generally, we are responsible for losses equal to the first 5% of the *UPB* and a portion of any additional losses to an overall maximum of 20% of the original principal balance. Fannie Mae bears any remaining loss. In addition, under the terms of the master loss sharing agreement with Fannie Mae, we are responsible for funding 100% of mortgage delinquencies (principal and interest) and servicing advances (taxes, insurance and foreclosure costs) until the amounts advanced exceeds 5% of the UPB at the date of default. Thereafter, we may request interim loss sharing adjustments which allow us to fund 25% of such advances until final settlement.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

At inception, a liability for the fair value of the obligation undertaken in issuing the guaranty is recognized. In determining the fair value of the guaranty obligation, we consider the risk profile of the collateral and the historical loss experience in our portfolio. The guaranty obligation is removed only upon either the expiration or settlement of the guaranty.

We evaluate the allowance for loss-sharing obligations by monitoring the performance of each loss-sharing loan for events or conditions which may signal a potential default. Historically, initial loss recognition occurs at or before a loan becomes 60 days delinquent. In instances where payment under the guaranty on a specific loan is determined to be probable and estimable (as the loan is probable of foreclosure or in foreclosure), we record a liability for the estimated allowance for loss-sharing (a "*specific reserve*") by transferring the guarantee obligation recorded on the loan to the specific reserve with any adjustments to this reserve amount recorded in provision for loss-sharing obligations in the statements of income, along with a write-off of the associated loan-specific MSR. The amount of the allowance considers our assessment of the likelihood of repayment by the borrower or key principal(s), the risk characteristics of the loan, the loan's risk rating, historical loss experience, adverse situations affecting individual loans, the estimated disposition value of the underlying collateral, and the level of risk sharing. We regularly monitor the specific reserves on all applicable loans and update loss estimates as current information is received.

Revenue Recognition

Fee-based services include commitment fees, broker fees, loan assumption fees, loan origination fees and gain on sale of loans. In some instances, the borrower pays an additional amount of interest at the time the loan is closed, an origination fee, net of any direct loan origination costs incurred, which is recognized upon sale of the loan. Revenue recognition occurs when the related services are performed, unless significant contingencies exist, and for the sale of loans, when all the incidence of ownership passes to the buyer. Interest income is recognized on the accrual basis as it is earned from loans held-for-sale.

Transfers and Servicing of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Agency Business, put presumptively beyond the reach of the entity, even in bankruptcy, (2) the transferee (or if the transferee is an entity whose sole purpose is to engage in securitization and the entity is constrained from pledging or exchanging the assets it receives, each third-party holder of its beneficial interests) has the right to pledge or exchange the transferred financial assets, and (3) the Agency Business or its agents does not maintain effective control over the transferred financial assets or third-party beneficial interest related to those transferred assets through an agreement to repurchase them before their maturity.

Financial Instruments

We use financial instruments having off-balance-sheet risk in the normal course of business in order to reduce our exposure to fluctuations in interest rates and market prices. Included in

1. Description of Business and Summary of Significant Accounting Policies (Continued)

Note 9—Commitments and Contingencies are disclosures relating to financial instruments having off-balance-sheet risk. These disclosures indicate the magnitude of our involvement in such activities and reflect the instruments at their face, contract or notional amounts, which do not necessarily represent the credit risk of such instruments. In connection with our hedging and loan sale programs, we have credit risk exposure to the extent purchasers are unable to meet the terms of their forward purchase contracts. None of the forward payment obligations of any of our counterparties is secured or subject to margin requirements. We enter into mandatory forward delivery contracts for the purpose of minimizing our exposure to movements of interest rates on rate-locked loan commitments and loans held-for-sale.

Variable Interest Entities

We are required to consolidate a variable interest entity ("*VIE*") if we are deemed to be the VIE's primary beneficiary. A VIE is defined as an entity in which equity investors (i) do not have the characteristics of a controlling financial interest, and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, which is defined as the party that (i) has the power to control the activities that impact the VIE's economic performance and (ii) has the right to receive the majority of expected returns or the obligation to absorb the majority of expected losses.

We evaluate our investments to determine if they qualify as VIEs or as variable interests in VIEs. There were no entities determined to be VIEs at December 31, 2015 and 2014.

Income Taxes

Our results of operations have historically been included in the consolidated federal and state income tax returns of ACM, a partnership for US tax purposes. Because a partnership is not a tax paying entity for federal and state income tax purposes, we have neither allocated nor accrued for income taxes in connection with the Agency Business.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("*FASB*") issued updated guidance that requires an entity to recognize lease assets and lease liabilities on the balance sheet and to disclose key information about the entity's leasing arrangements. The guidance is effective for us beginning in the first quarter of 2020 with early adoption permitted. A modified retrospective approach is required. We are currently evaluating the impact this guidance may have on our consolidated financial statements.

In January 2016, the FASB amended its guidance on the recognition and measurement of financial assets and liabilities. The guidance is effective for the first quarter of 2018 and we are currently evaluating the impact it may have on our financial statements.

In September 2015, the FASB amended its guidance on measurement-period adjustments arising from business combinations. The guidance is effective for the first quarter of 2016 and we are still evaluating the impact it may have on our financial statements.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

In April 2015, the FASB amended its guidance on the balance sheet presentation of debt issuance costs. The guidance is effective for the first quarter of 2016. We early adopted this new guidance in the fourth quarter of 2015 and it did not have a material effect on our financial statements. As a result of adopting this new guidance, we reclassified deferred financing costs totaling $0.4 million and $0.3 million from other assets to credit facilities for the years ended December 31, 2015 and 2014, respectively.

In February 2015, the FASB amended its guidance on the consolidation analysis of variable interest entities. The guidance is effective for the first quarter of 2016 and we are currently evaluating the impact it may have on our financial statements.

2. Loans Held-For-Sale

Loans held-for-sale consists of:

	December 31,	
	2015	2014
Fannie Mae	$ 178,212,000	$ 214,401,523
Freddie Mac	72,699,000	16,350,000
FHA	18,953,564	20,591,908
	269,864,564	251,343,431
Unearned discount	(946,149)	(499,759)
Loans held for sale, net	$ 268,918,415	$ 250,843,672

Substantially all of our loans held-for-sale are commercial mortgages originated through the Fannie Mae, Freddie Mac and FHA programs. These loans are typically sold within 60 days of the origination date. At December 31, 2015 and 2014, there were no loans that were 90 days or more past due, and there were no loans that were placed on non-accrual status.

3. Investments Available-For-Sale

As an approved SBL Program seller/servicer, we originate and sell loans to Freddie Mac, which are then pooled and securitized. Upon securitization, we receive interest-only securities, or Agency IOs, under the SBL Program that are accounted for as available-for-sale at fair value. The Agency IOs have a coupon of 15 basis points of the outstanding UPB of the securitized loans. During 2015, we received Agency IOs upon the completion of three securitizations with a total UPB of $496.6 million. We recorded these securities at fair value totaling $2.7 million with a corresponding gain to fee-based services, including gain on sales, net on the combined statements of income. Interest income recorded on these investments totaled $0.1 million for the year ended December 31, 2015. Our investments available-for-sale had a fair value of $2.7 million at December 31, 2015. We had no investments available-for-sale at December 31, 2014.

Additionally, as part of the SBL Program securitizations, we are required to purchase the bottom tranche bond, generally referred to as "the B Piece," that represents the bottom 10%, or highest risk of

3. Investments Available-For-Sale (Continued)

the securitization. In January 2015, we entered into an agreement whereby a third party investor agreed to purchase the B Piece from the SBL Program securitization, at par, upon issuance of all securitizations related to us, resulting in the transfer of the risk to the purchaser of the bond. During 2015, the third party investor acquired B Piece bonds from three securitizations with a face value totaling $49.7 million. We did not securitize any loans under the SBL Program during 2014.

4. Capitalized Mortgage Servicing Rights

Capitalized MSRs are assessed for impairment based on the fair value of those rights. Fair values are estimated considering market prices for similar MSRs, when available, and by estimating the discounted future net cash flows of the capitalized MSRs. Our capitalized MSRs presented below reflect commercial real estate MSRs that are predominantly all from Fannie Mae DUS loans as of December 31, 2015 and 2014.

The weighted average estimated life remaining of our MSRs was 6.0 years and 6.6 years for the years ended December 31, 2015 and 2014, respectively. A summary of our capitalized MSR activity is as follows:

	Year Ended December 31,	
	2015	2014
Balance at beginning of year	$ 137,430,760	$ 118,956,272
Additions	47,613,684	39,591,436
Amortization	(21,940,282)	(18,485,482)
Write-downs and payoffs	(7,354,398)	(2,631,466)
Balance at end of year	$ 155,749,764	$ 137,430,760

The expected amortization of capitalized MSR balances recorded as of December 31, 2015 is shown in the table below. Actual amortization may vary from these estimates.

Year	Annual Amortization
2016	$ 25,041,669
2017	24,687,683
2018	23,539,044
2019	22,044,425
2020	19,581,017
Thereafter	40,855,926
	$ 155,749,764

5. Mortgage Servicing

At December 31, 2015 and 2014, we were servicing, for a fee, commercial loans with an aggregate UPB of approximately $10.9 billion and $9.0 billion, respectively. Cash held in escrow by us for these

5. Mortgage Servicing (Continued)

loans at December 31, 2015 and 2014, was $349.3 million and $388.4 million, respectively. These cash balances and related escrow liabilities are not reflected in the accompanying combined balance sheets. These escrows are maintained in separate accounts at two federally insured depository institutions, which can exceed FDIC insured limits.

An analysis of the product concentrations and geographic dispersion that impact our servicing revenue is shown in the following tables. The UPB of loans in our fee-based servicing portfolio, by product, is as follows:

	December 31,	
	2015	2014
Fannie Mae	$ 9,594,720,067	$ 8,553,437,476
Freddie Mac	940,565,139	68,702,727
FHA	377,063,073	336,286,022
Other	13,117,405	51,382,282
Total	$ 10,925,465,684	$ 9,009,808,507

The percentage of UPB of properties collateralizing the loans in our fee-based servicing portfolio by geographical area is shown in the following table. No other state accounted for more than 5% of UPB and related servicing revenues in any of the years presented. We do not have any operations outside of the United States.

	December 31,	
	2015	2014
Texas	20%	17%
New York	11%	12%
California	10%	8%
North Carolina	9%	9%
Florida	6%	7%
All other states	44%	47%
Total	100%	100%

6. Property and Equipment

Property and equipment consists of:

	December 31, 2015	December 31, 2014
Furniture and equipment	$ 5,471,089	$ 4,027,101
Leasehold improvements	2,974,785	2,537,618
Construction in progress	1,899,599	165,893
Property and equipment	10,345,473	6,730,612
Accumulated depreciation and amortization	(5,544,676)	(4,804,474)
Property and equipment, net	$ 4,800,797	$ 1,926,138

In the fourth quarter of 2014, we began a renovation project of our corporate offices. Through December 31, 2015, we have spent $3.0 million related to the project of which $1.1 million has been put into use and $1.9 million is currently accounted for as construction in progress which will be depreciated when the project is complete. We funded these improvements by utilizing a line of credit as described in Note 7—Credit Facilities. During 2015 and 2014, we did not dispose of any fixed assets.

7. Credit Facilities

We utilize warehouse facilities and other debt agreements to finance our lending and investing activities. Borrowings underlying these arrangements are secured by substantially all of our loans held-for-sale.

Our financing agreements consist of:

	December 31, 2015			December 31, 2014		
	Debt Principal Balance	Debt Carrying Value	Weighted Average Note Rate	Debt Principal Balance	Debt Carrying Value	Weighted Average Note Rate
$150 million warehouse line of credit	$ 128,582,653	$ 128,358,137	1.93%	$ 61,082,898	$ 60,939,133	1.77%
$150 million warehouse line of credit	62,716,000	62,527,212	1.93%	32,946,000	32,756,411	1.82%
$200 million multifamily as soon as pooled plus agreement	56,621,000	56,621,000	1.53%	124,081,330	124,081,330	1.45%
$100 million warehouse line of credit	21,944,900	21,943,242	1.93%	33,209,900	33,201,505	1.67%
Facility agreement	15,720,403	15,703,736	4.44%	—	—	—
$3.1 million master security agreement	3,105,456	3,105,456	3.18%	—	—	—
	$ 288,690,412	$ 288,258,783	2.00%	$ 251,320,128	$ 250,978,379	1.61%

7. Credit Facilities (Continued)

In November 2015, a $100 million warehouse line of credit with a financial institution was amended to extend the maturity to November 2016 and increase the committed amount to $150 million. In addition, the amendment provided for a temporary increase of the committed amount to $250 million until February 2016. The credit agreement bears interest at a variable rate based on LIBOR and is used to finance agency loan product, and as collateral, the financial institution has a security interest in the underlying mortgage notes. At December 31, 2015, the outstanding principal balance was $128.6 million.

In August 2015, a $150 million warehouse line of credit with a financial institution was amended to extend the maturity to August 2016. The line of credit bears interest at a variable rate based on LIBOR and is used to warehouse agency loans, and as collateral, the financial institution has a security interest in the underlying mortgage notes. At December 31, 2015, the outstanding principal balance was $62.7 million.

Since 2008, we have continued use of a Multifamily As Soon as Pooled Plus ("*MASAP*") agreement with Fannie Mae. The agreement has no commitment amount or expiration date and interest is based on a spread over LIBOR (with a LIBOR Floor of 0.35%). The MASAP provides us with a warehousing credit facility for mortgage loans that are to be sold and serviced under the Fannie Mae DUS program. At December 31, 2015, the uncommitted amount was $200 million and the outstanding principal balance was $56.6 million.

In August 2015, a $100 million warehouse line of credit with a financial institution was amended to extend the maturity to June 2016. This warehouse line of credit bears interest at a variable rate based on LIBOR and is used to finance the flow loan product, and as collateral, the financial institution has a security interest in the underlying mortgage notes. At December 31, 2015, the outstanding principal balance was $21.9 million.

In January 2015, we entered into an agreement whereby a third party investor agreed to purchase the B Piece of the SBL Program securitizations. In May 2015, we entered into a facility agreement with this third party investor for the purpose of funding a portion of the cash collateral required as part of the purchase obligation of the B Piece under the SBL Program. The facility bears interest at a fixed rate and matures in May 2017. At December 31, 2015, the outstanding principal balance was $15.7 million.

In June 2015, we entered into a master security agreement with a financial institution to finance $1.5 million for the renovation of our corporate office. In October 2015, we financed an additional $1.8 million under this agreement. The two notes bear interest at a fixed rate, require monthly amortization payments and mature in 2020. At December 31, 2015, the total outstanding principal balance was $3.1 million.

In December 2014, our $5.0 million term loan with a financial institution was terminated and repaid in full. The term loan was used in partial satisfaction of its restricted cash requirements in accordance with the terms of the loss sharing agreements with Fannie Mae. In December 2014, we replaced the term loan with a letter of credit of up to $35.0 million which bears interest at a fixed rate of 3.00%, matures in December 2017, has two one-year extension options and is collateralized by our

7. Credit Facilities (Continued)

servicing revenue as approved by Fannie Mae. At December 31, 2015 and 2014, the letter of credit designated for our restricted cash requirement was $33.5 million and $30.0 million, respectively.

Each of the credit facilities contains various financial covenants and restrictions, including minimum tangible net worth, debt to equity ratio, debt service coverage ratio and a minimum servicing portfolio. We were in compliance with all financial covenants and restrictions at December 31, 2015 and 2014.

8. Allowance For Loss-Sharing Obligations

When a loan is sold under the Fannie Mae DUS program, we typically agree to guarantee a portion of the ultimate loss incurred on the loan should the borrower fail to perform. The compensation for this risk is a component of the servicing fee on the loan. No guaranty is provided for loans sold under the Freddie Mac, GNMA or HUD loan programs.

A summary of our allowance for loss-sharing obligation is as follows:

	Year Ended December 31,	
	2015	2014
Beginning balance	$ 26,747,435	$ 25,647,107
Current Period provisions for loss sharing	3,784,505	2,616,325
Charge offs, net	(1,967,622)	(1,515,997)
Ending balance	$ 28,564,318	$ 26,747,435

We evaluate the allowance for risk-sharing obligations by monitoring the performance of each loan for triggering events or conditions that may signal a potential default. In situations where payment under the guaranty is probable and estimable on a specific loan, we record an allowance for the estimated loss-sharing obligation (a specific reserve) by transferring the guarantee obligation recorded on the loan to the specific reserve with any adjustments to this reserve amount recorded in provision for loss-sharing obligations in the statements of income, along with a write-off of the loan-specific MSR. The amount of the provision reflects our assessment of the likelihood of payment by the borrower, the estimated disposition value of the underlying collateral, the level of risk sharing, and any remaining balance of the guaranty obligation.

When we settle a loss under the DUS Loss sharing model, the net loss is charged off against the previously recorded loss-sharing obligation. The settled loss is often net of any previously advanced principal and interest payments in accordance with the DUS program, which are reflected as reductions to the proceeds needed to settle losses. At December 31, 2015 and 2014, we had outstanding advances of $0.2 million and $1.1 million, respectively, which were netted against the allowance for loss-sharing obligations.

As of December 31, 2015 and 2014, the maximum quantifiable liability associated with our guarantees under the Fannie Mae DUS agreement was $1.7 billion and $1.6 billion, respectively. The maximum quantifiable liability is not representative of the actual loss we would incur. We would be liable for this amount only if all of the loans we service for Fannie Mae, for which we retain some risk

8. Allowance For Loss-Sharing Obligations (Continued)

of loss, were to default and all of the collateral underlying these loans was determined to be without value at the time of settlement.

9. Commitments and Contingencies

Maturities of credit facilities as well as minimum annual operating lease payments under leases with a term in excess of one year in effect as of December 31, 2015 are as follows:

Year	Credit Facility Maturities	Minimum Annual Operating Lease Payments	Total
2016	$ 269,864,553	$ 3,184,986	$ 273,049,539
2017	15,720,403	3,097,858	18,818,261
2018	—	3,543,485	3,543,485
2019	—	3,214,504	3,214,504
2020	3,105,456	2,727,385	5,832,841
Thereafter	—	6,962,397	6,962,397
	$ 288,690,412	$ 22,730,615	$ 311,421,027

We lease office space and equipment for our corporate headquarters and loan origination, support and servicing offices located throughout the United States. Certain of the office leases have escalation clauses. Total rent expense in 2015, 2014 and 2013 was $3.9 million, $3.4 million and $3.2 million, respectively.

Financial Instruments with Off-Balance-Sheet Risk

We enter into financial instruments with off-balance-sheet risk in the normal course of business through the origination and sale of mortgage loans and the management of potential loss exposure caused by fluctuations of interest rates. Financial instruments with off-balance-sheet risk include commitments to extend credit and mandatory forward commitments. These instruments involve, to varying degrees, elements of credit and interest rate risk. We manage credit risk by entering into agreements only with Wall Street investment bankers having primary dealer status and with permanent investors meeting our standards. At any time, our risk, in the event of default by the purchaser, is the difference between the contract price and current market price.

Until a locked interest rate commitment is extended by us to a borrower, we have no interest rate risk.

Simultaneous to a locked interest rate commitment being extended, we enter into mandatory forward commitments used to minimize interest rate exposure on loans held-for-sale and loan commitments which have been rated locked. As of December 31, 2015, there were ten commitments outstanding to borrowers which had a locked interest rate and corresponding mandatory forward commitments totaling approximately $46.9 million. As of December 31, 2014, there were four commitments outstanding to borrowers which had a locked interest rate and corresponding mandatory

9. Commitments and Contingencies (Continued)

forward commitments totaling approximately $53.3 million. At both December 31, 2015 and 2014, the values of these commitments were de minimus.

Litigation

In the normal course of business, we are subject to various legal proceedings and claims, the resolution of which, in management's opinion, will not have a material adverse effect on our financial position or the results of our operations. In addition, we currently are neither subject to any material litigation nor, to management's knowledge, is any material litigation currently threatened against us.

10. Fair Value of Financial Instruments

The following table summarizes the carrying values and the estimated fair values of our financial instruments. Fair value estimates are dependent upon subjective assumptions and involve significant uncertainties resulting in variability in estimates with changes in assumptions.

	December 31, 2015		December 31, 2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	$ 41,227,812	$ 41,227,812	$ 39,059,530	$ 39,059,530
Restricted cash	21,484,553	21,484,553	—	—
Loans held-for-sale	268,918,415	272,075,856	250,980,258	254,755,459
Investments available-for-sale	2,675,992	2,675,992	—	—
Capitalized mortgage servicing rights, net	155,749,764	203,005,289	137,430,760	164,270,145
FINANCIAL LIABILITIES				
Credit facilities(1)	$ 288,258,783	$ 288,690,412	$ 250,978,379	$ 251,320,128

(1) As of December 31, 2015 and 2014, the carrying value reflects the principal balance of our debt net of deferred financing costs totaling $0.4 million and $0.3 million, respectively

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value, see below. A financial

10. Fair Value of Financial Instruments (Continued)

instrument's level within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement.

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices in markets that are not active for identical or similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and significant to the fair value of the assets or liabilities that are developed using the reporting entities' estimates and assumptions, which reflect those that market participants would use.

The following methods and assumptions were used in estimating the fair value of each class of financial instrument:

Cash and cash equivalents and restricted cash: Fair value approximates the carrying value reported in the balance sheets based upon the short term nature of the assets. Fair values are estimated at Level 1 based on current market quotes received from active markets.

Loans held-for-sale: Consists of originated loans that are generally transferred or sold within 60 days from the date that a mortgage loan is funded, and are valued using pricing models that incorporate observable inputs from current market assumptions (Level 2).

Investments available-for-sale: The fair value of Agency IOs were approximated using level 3 inputs and are derived from third party proprietary models using discounted cash flows based on the underlying contractual cash flows and requires significant judgements, including assumptions on discount rates and constant prepayment rates.

Capitalized mortgage servicing rights, net: Fair values are estimated using Level 3 inputs based on discounted future net cash flow methodology. The fair value of MSRs carried at amortized cost are estimated using a process that involves the use of independent third-party valuation experts, supported by commercially available discounted cash flow models and analysis of current market data to arrive at an estimate of fair value. The key inputs used in estimating fair value of MSRs include the contractually specified servicing fees, prepayment speed of the underlying loans, discount rate, annual per loan cost to service loans, delinquency rates, late charges and other economic factors.

Credit facilities: The majority of our facilities bear interest at rates that are similar to those available in the market currently (Level 2). For these facilities, fair values approximate the carrying values reported in the balance sheets.

11. Invested Equity

Invested equity presented on the combined balance sheet represents the invested equity allocated to the Agency Business based on the assets, liabilities and results of operations directly related to the Agency Business.

12. Related-Party Transactions

At December 31, 2015 and 2014, we serviced loans for ART and its related affiliates totaling approximately $1.9 billion and $2.0 billion, respectively. The servicing of these loans does not generate a service fee as they are covered by the management agreement between ACM and ART.

Management Agreement

ACM has a management agreement with ART and its subsidiaries under which ACM has agreed to provide ART with structured finance investment opportunities and loan servicing as well as other services necessary to operate its business. The Agency Business is not a party to the management agreement between ACM and ART.

As described in Note 1—Organization and Summary of Significant Accounting Policies, ACM has provided a two year option to ART to purchase the existing Management Agreement.

As contemplated by the Asset Purchase Agreement, certain ACM employees will be retained by ACM. To the extent such employees devote time to the Agency Business or ART subsequent to the consummation of the transactions contemplated under the Purchase Agreement, ART will pay an additional management fee for the reimbursement of costs associated with the performance of duties.

13. Employee Benefits

ACM maintains a 401(k) profit sharing plan (the "*401(k) Plan*") through an affiliate for all employees who have completed six months of continuous service. The 401(k) Plan matches 25% of the first 6% of each employee's contribution. ACM has the option to increase the employer match based on its operating results. Our allocated portion of the 401(k) Plan expense was $0.5 million, $0.4 million and $0.4 million for 2015, 2014 and 2013, respectively.

ACM maintains a non-qualified deferred compensation plan ("*the Plan*") which is offered to certain of our full-time employees. The Plan is subject to the rules of section 409(a) of the Internal Revenue Code. Under the Plan, which can be modified or discontinued at any time, participating employees may defer a portion of their compensation and we are contractually obligated to match the contribution, as specified in the Plan, and fund such amounts upon vesting and an election by participants to redeem their interests. All employee deferrals vest immediately and our matching contributions vest over a nine year period beginning after year five. For the year ended December 31, 2015, 2014 and 2013, there were $0.6 million, $0.4 million and $0.5 million, respectively, of employee deferrals that were related to the Agency Business and were included as deferred compensation expense. As of December 31, 2015, we had recorded liabilities totaling $3.1 million and other assets of $2.0 million related to the Plan.

14. Agency Requirements

Due to the nature of our mortgage banking activities, ACM (comprising of the Agency Business) is subject to supervision by certain regulatory agencies. Among other things, these agencies require the business to meet certain minimum net worth, operational liquidity and restricted liquidity collateral requirements, and compliance with reporting requirements. Upon consummation of the transactions contemplated by the Asset Purchase Agreement, these requirements would be the responsibility of ART. ACM's adjusted net worth and liquidity required by the agencies at December 31, 2015 and 2014 exceeded these requirements.

14. Agency Requirements (Continued)

As of December 31, 2015, ACM was required to maintain at least $9.6 million of liquid assets to meet its operational liquidity requirements for Fannie Mae. As of December 31, 2015, ACM had operational liquidity in excess of this requirement.

ACM is generally required to share the risk of any losses associated with loans sold under the Fannie Mae DUS program. ACM is required to secure this obligation by assigning restricted cash balances and/or a letter of credit to Fannie Mae. The amount of collateral required by Fannie Mae is a formulaic calculation at the loan level and considers the balance of the loan, the risk level of the loan, the age of the loan, and the level of risk-sharing. Fannie Mae requires restricted liquidity for Tier 2 loans of 75 basis points, which is funded over a 48-month period that begins upon delivery of the loan to Fannie Mae. As of December 31, 2015, ACM met the restricted liquidity requirement with a $33.5 million letter of credit and $0.9 million of cash collateral. Additionally, substantially all of the loans for which ACM has risk sharing are Tier 2 loans. See Note 1—Organization and Summary of Significant Accounting Policies for further details.

ACM is in compliance with the December 31, 2015 liquidity collateral requirements as outlined above. As of December 31, 2015, reserve requirements for the December 31, 2015 Fannie Mae DUS loan portfolio will require ACM to fund $19.0 million in additional restricted liquidity over the next 48 months, assuming no further principal paydowns, prepayments, or defaults within our at risk portfolio. Fannie Mae periodically reassesses these collateral requirements and may make changes to these requirements in the future. We generate sufficient cash flow from our operations to meet these capital standards and do not expect any changes to have a material impact on our future operations; however, future changes to collateral requirements may adversely impact our available cash.

We are subject to various capital requirements in connection with seller/servicer agreements that we have entered into with secondary market investors. Failure to maintain minimum capital requirements could result in our inability to originate and service loans for the respective investor and, therefore, could have a direct material effect on our combined financial statements. As of December 31, 2015, ACM met all capital amounts required for capital adequacy purposes, by investor, as follows:

	Required Net Worth	Actual Net Worth
Fannie Mae	$ 51,648,449	$ 143,652,813
GNMA	3,171,154	237,132,701
FHA Recertification	1,000,000	237,132,701

15. Subsequent Events

We have evaluated events and transactions that occurred during the period from the balance sheet date through March 31, 2016, the date our financial statements are available to be issued.

On February 25, 2016, ACM entered into a Purchase Agreement to sell its Agency Business to ART for $250.0 million (see Note 1—Organization and Summary of Significant Accounting Policies).

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Exhibit 99.2

Combined Financial Statements

The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries

(Unaudited)

March 31, 2016

The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries

(Unaudited)

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The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries

Combined Balance Sheets

	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Cash and cash equivalents	$ 42,140,288	$ 41,227,812
Restricted cash	5,380,976	21,484,553
Loans held-for-sale	267,023,660	268,918,415
Investments available-for-sale	4,026,950	2,675,992
Capitalized mortgage servicing rights, net	163,769,204	155,749,764
Other assets	8,894,545	8,286,617
Total assets	$ 491,235,623	$ 498,343,153
LIABILITIES AND INVESTED EQUITY		
Credit facilities	$ 272,971,493	$ 288,258,783
Accounts payable and accrued expenses	19,884,724	22,208,831
Allowance for loss-sharing obligations	29,398,368	28,564,318
Total liabilities	322,254,585	339,031,932
Invested Equity	168,981,038	159,311,221
Total liabilities and invested equity	$ 491,235,623	$ 498,343,153

The accompanying notes are an integral part of these combined financial statements.

The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries

Combined Statements of Income (Unaudited)

	Three Months Ended March 31,	
	2016	**2015**
REVENUES		
Interest earned	$ 3,043,009	$ 1,934,011
Fee-based services, including gain on sales, net	13,308,867	10,909,173
Originated mortgage servicing rights	15,810,837	11,494,487
Servicing revenue, net	9,236,639	5,883,189
Total revenue	41,399,352	30,220,860
EXPENSES		
Interest expense	2,002,746	1,658,687
Employee compensation and benefits	14,338,224	12,544,612
Selling and administrative	3,295,529	3,159,692
Provision for loss sharing	1,045,153	1,419,907
Total expenses	20,681,652	18,782,898
Net income	$ 20,717,700	$ 11,437,962

The accompanying notes are an integral part of these combined financial statements.

The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries

Combined Statement of Changes in Invested Equity (Unaudited)

	Invested Equity
Balance—December 31, 2015	$ 159,311,221
Withdrawals and distributions	(11,047,883)
Net income	20,717,700
Balance—March 31, 2016	$ 168,981,038

The accompanying notes are an integral part of these combined financial statements.

The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries

Combined Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 20,717,700	$ 11,437,962
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	225,609	166,318
Amortization of deferred financing costs	179,947	314,221
Amortization of capitalized mortgage servicing rights	6,189,775	5,190,141
Capitalization of mortgage servicing rights	(15,810,837)	(11,494,487)
Write-off of capitalized mortgage servicing rights from servicing sales and payoffs	1,601,622	1,572,549
Gain on retained investments available-for-sale	(1,350,958)	—
Provision for loss sharing	1,045,153	1,419,907
Changes in operating assets and liabilities		
Loans held for sale	1,894,755	114,204,722
Allowance for loss-sharing—chargeoffs, net	(211,103)	(12,449)
Other assets	(76,750)	(240,390)
Accounts payable and accrued expenses	(2,324,107)	9,194,774
Net cash provided by operating activities	12,080,806	131,753,268
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment, net	(756,787)	(549,638)
Restricted cash	16,103,577	(2,159,467)
Net cash provided by (used in) investing activities	15,346,790	(2,709,105)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in credit facilities	(15,435,987)	(114,337,473)
Payment of deferred financing costs	(31,250)	(101,608)
(Withdrawals and distributions) / contributions	(11,047,883)	8,926,283
Net cash used in financing activities	(26,515,120)	(105,512,798)
Net increase in cash and cash equivalents	912,476	23,531,365
Cash and cash equivalents at beginning of period	41,227,812	39,059,530
Cash and cash equivalents at end of period	$ 42,140,288	$ 62,590,895
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 1,890,596	$ 1,344,642
Noncash investing and financing activities:		
Retained investments available-for-sale	1,350,958	—
Reclassification of deferred financing costs from other assets to credit facilities	—	469,681

The accompanying notes are an integral part of these combined financial statements.

The Carve-Out Agency Business of Arbor Commercial Mortgage, LLC and Subsidiaries

Notes to Combined Financial Statements

(Unaudited) March 31, 2016

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

The agency business ("Agency Business") of Arbor Commercial Mortgage, LLC and Subsidiaries ("ACM") is comprised of its (i) underwriting, originating, selling and servicing multifamily mortgages under the Federal National Mortgage Association ("Fannie Mae") delegated underwriting and servicing ("DUS"), U.S. Department of Housing and Urban Development ("HUD")/Federal Housing Administration ("FHA"), Government National Mortgage Association ("GNMA"), Freddie Mac and conduit/commercial mortgage-backed securities ("CMBS") programs, and (ii) certain assets and liabilities related to the Agency Business primarily consisting of the mortgage servicing rights related to the agency servicing portfolio, agency loans held for sale, warehouse financing of agency loans held for sale and other assets and liabilities directly related to the Agency Business.

The Agency Business of ACM is not a separate legal entity and has never operated as a separate, stand-alone entity of ACM but rather as a component in multiple legal entities within ACM's consolidated operations. Within these combined financial statements, "we," "us" and "our" refers to the Agency Business.

Sale of the Agency Business

On July 14, 2016, ACM completed the sale of its Agency Business to Arbor Realty Trust, Inc. ("ART") pursuant to an asset purchase agreement ("Asset Purchase Agreement") dated February 25, 2016. ACM is the external manager of ART, a publicly traded real estate investment trust (NYSE: ABR) and a related party to ACM. The aggregate sales price was $276.0 million, which was paid with $138.0 million in stock, $88.0 million in cash and with the issuance of a $50.0 million seller financing instrument. The equity component of the purchase price consisted of 21.23 million Operating Partnership Units ("OP Units"), which was based on a stock price of $6.50 per share and which are redeemable for cash, or at ART's option, for shares of ART common stock on a one-for-one basis. Each of the OP Units are paired with a share of newly designated special voting preferred stock of ART which entitles ACM to one vote per share on any matter submitted to a vote of ART's stockholders. The special committee of ART's board of directors elected to exercise the option, pursuant to the Asset Purchase Agreement, to finance $50.0 million of the cash consideration through ACM. As of July 14, 2016, all ACM employees directly related to the Agency Business (approximately 240 employees) have become employees of ART.

In addition, pursuant to the Asset Purchase Agreement, ACM has provided ART with a two year option to purchase the existing management contract and fully internalize the management structure of ART for $25.0 million (increasing to $27.0 million in the second year), which expires on July 14, 2018. The exercise of this option is at the discretion of the special committee of ART's board of directors, which has no obligation to exercise its option.

Basis of Presentation

The accompanying unaudited combined financial statements are presented on a carve-out basis and have been prepared from the historical consolidated balance sheets, statements of income and cash flows attributable to the Agency Business of ACM and in accordance with accounting principles generally acceptable in the United States of America ("GAAP") for interim financial information.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

Accordingly, certain information and footnote disclosures normally included in the combined financial statements prepared under GAAP have been condensed or omitted. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

The combined financial statements of the Agency Business reflect the assets, liabilities, revenue and expenses directly attributable to the Agency Business, as well as allocations deemed reasonable by management, to present the combined financial position, results of operations, changes in equity and cash flows of the Agency Business on a stand-alone basis. The allocation methodologies are described below and within the notes to the combined financial statements where appropriate, and management considers the allocations to be reasonable. The historical financial information included herein may not necessarily reflect the future combined financial position, results of operations, changes in equity and cash flows of the Agency Business or what they would have been had the Agency Business been a separate, stand-alone entity during the periods presented.

These combined financial statements include the assets, liabilities, revenues and expenses that are specifically identifiable to the Agency Business. For items not specifically identifiable, expenses have been allocated to the Agency Business from ACM, including compensation and employee related expenses, selling and administrative expenses (i.e., telephone, office equipment rental and maintenance, office supplies and marketing) and other expenses directly associated with the revenue-generating activities of the Agency Business. Allocation of expenses to the Agency Business from ACM were made using the most meaningful allocation methodologies, which were primarily based on proportionate direct labor costs (i.e., time spent working on the Agency Business) or geographic location. Costs related to marketing, treasury, information technology, accounting and finance, facilities, human resources, administration and certain senior executives were allocated based on their proportionate direct labor costs. Substantially all operating leases and property and equipment were acquired by ART in connection with the sale of the Agency Business. Income taxes have been accounted for in these combined financial statements as described below. All of these allocations are based on assumptions that management believes are reasonable under the circumstances.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Significant estimates include the allowance for possible credit losses, guaranty obligations, mortgage servicing rights and the allocations associated with these combined financial statements. Actual results could differ from these estimates.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. We place our cash and cash equivalents in major financial institutions. The consolidated account balances at each institution exceeds Federal Deposit Insurance Corporation ("FDIC") insurance coverage and we believe that this risk is not significant.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash is required as collateral for possible losses resulting from loans originated under the Fannie Mae DUS program in accordance with the terms of loss sharing agreements between Fannie Mae and ACM. We have a $35.0 million letter of credit with a financial institution, which is collateralized by our servicing revenue, to satisfy our restricted cash requirements as approved by Fannie Mae. At March 31, 2016, our $35.4 million restricted cash requirement was satisfied with a $35.0 million letter of credit and $0.4 million of cash collateral. At December 31, 2015, our $34.4 million restricted cash requirement was satisfied with a $33.5 million letter of credit and $0.9 million of cash collateral.

As an approved designated seller/servicer of Freddie Mac's Small Balance Loan Program ("SBL Program"), we are required to post collateral to ensure that we are able to meet certain purchase and loss obligations required by this program. Under the SBL Program, we were required, until recently (see below) to post cash collateral equal to 9% of the unpaid principal balance ("UPB") for each loan purchased by Freddie Mac. The Collateral was held during the period of time when Freddie Mac was aggregating loans that were sold by us to pool into a securitization. We utilize a financing facility to fund a portion of this cash collateral requirement. At December 31, 2015, we posted cash collateral of $20.6 million in satisfaction of our requirements under this program, of which $15.7 million was borrowed from a financing facility. Effective in March 2016, the cash collateral requirements were changed from 9% of UPB for each loan to a static $5.0 million. At March 31, 2016, we had $3.0 million outstanding with a financing facility to fund such cash collateral requirements. See Note 6—Credit Facilities for further details.

Loans Held-for-Sale

Loans held-for-sale are collateralized commercial real estate loans and are reported at the lower of cost or market, on an aggregate basis. The loans held for sale represent originated loans that are generally transferred or sold within 60 days from the date that a mortgage loan is funded. During the period prior to its sale, interest income on a loan held for sale is calculated in accordance with the terms of the individual loan. Loan origination fees and direct loan origination costs are deferred until the related loans are sold.

Investments Available-for-Sale

We acquire agency commercial interest-only securities ("Agency IOs") under the SBL Program that are classified as available-for-sale and carried at fair value on our combined balance sheet. The Agency IOs refer to an interest-only component of the cash flows from a pool of commercial mortgage loans issued by the Freddie Mac securitizations under the SBL Program. We have elected the fair value option for our Agency IOs, which requires changes in fair value recognized as unrealized gains and losses through earnings in our combined statements of income. We determine the fair value by obtaining valuations from an independent source. Interest income on these investment securities is accrued based on the outstanding principal balance and their contractual terms. See Note 3—Investments Available-For-Sale for further details.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

Mortgage Servicing Rights

We recognize, as separate assets, rights to service mortgage loans for others. Accounting guidance requires that an asset be recognized for the rights to service mortgage loans, including those rights that are created by the origination of mortgage loans that are sold with the servicing rights retained by the originator. The recognition of the asset results in an increase in the gains recognized upon the sale of the mortgage loans sold. For these mortgage servicing rights ("MSRs"), the initial capitalized valuation of the MSRs is equal to the estimated fair value of the expected net cash flows associated with the servicing rights. We amortize MSRs using the amortization method, which requires that MSRs be amortized in proportion to and over the period of estimated net servicing income or net servicing loss and that the servicing assets or liabilities be assessed for impairment or increased obligation based on fair value at each reporting date. Amortization of MSRs is recorded as a reduction of servicing revenues. The following assumptions were used in calculating each loan's MSR for the periods presented:

Key rates: We used discount rates ranging from 8% to 15% based on management's best estimate of market discount rates to determine the present value of MSRs. The inflation rate used for adequate compensation was 3%.

Servicing Cost: The estimated future cost to service the loan for the estimated life of the MSR is subtracted from the estimated future cash flows.

Estimated Life: We estimate the life of our MSRs based upon the stated yield maintenance and/or prepayment protection term of the underlying loan and may be reduced by 6 to 12 months based upon the expiration of various types of prepayment penalty and/or lockout provisions prior to that stated maturity date.

We assess MSRs for impairment based on the fair value of those rights. Fair values are estimated considering market prices for similar MSRs, when available, and by estimating the present value of the future net cash flows of the capitalized MSRs, net of adequate compensation for servicing. Adequate compensation is based on the market rate of similar servicing contracts. We estimate the terms of commercial servicing for each loan by assuming that servicing would not end prior to the yield maintenance date, if applicable, at which point the prepayment penalty expires. MSRs are amortized in proportion to and over the period of estimated net servicing income.

We measure the impairment of MSRs based on the difference between the aggregate carrying amount of the MSRs and their aggregate fair value. For purposes of impairment evaluation, the MSRs are stratified based on predominant risk characteristics of the underlying loans, which we have identified as loan type, note rate and yield maintenance provisions. To the extent that the carrying value of the MSRs exceeds fair value, a valuation allowance is established. As of March 31, 2016 and December 31, 2015, we had no valuation allowance.

We record write-offs of MSRs related to loans that were repaid prior to the expected maturity and loans that defaulted and are determined to be unrecoverable. When this occurs, the write-off is recorded as a direct write-down to the carrying value of MSRs and is included as a component of servicing revenue, net on the combined statements of income. This direct write-down permanently reduces the carrying value of the MSRs, precluding recognition of subsequent recoveries. During both

1. Description of Business and Summary of Significant Accounting Policies (Continued)

the three months ended March 31, 2016 and 2015, we recorded $1.6 million of such write-offs relating to specific MSRs, primarily due to prepayments of certain loans. Prepayment fees totaling $2.9 million and $1.0 million were collected for the three months ended March 31, 2016 and 2015, respectively, and are included as a component of servicing revenue, net on the combined statements of income.

Allowance for Loss-Sharing Obligations

When a loan is sold under the Fannie Mae DUS program, we undertake an obligation to partially guarantee the performance of the loan. Generally, we are responsible for losses equal to the first 5% of the UPB and a portion of any additional losses to an overall maximum of 20% of the original principal balance. Fannie Mae bears any remaining loss. In addition, under the terms of the master loss sharing agreement with Fannie Mae, we are responsible for funding 100% of mortgage delinquencies (principal and interest) and servicing advances (taxes, insurance and foreclosure costs) until the amounts advanced exceeds 5% of the UPB at the date of default. Thereafter, we may request interim loss sharing adjustments which allow us to fund 25% of such advances until final settlement.

At inception, a liability for the fair value of the obligation undertaken in issuing the guaranty is recognized. In determining the fair value of the guaranty obligation, we consider the risk profile of the collateral and the historical loss experience in our portfolio. The guaranty obligation is removed only upon either the expiration or settlement of the guaranty.

We evaluate the allowance for loss-sharing obligations by monitoring the performance of each loss-sharing loan for events or conditions which may signal a potential default. Historically, initial loss recognition occurs at or before a loan becomes 60 days delinquent. In instances where payment under the guaranty on a specific loan is determined to be probable and estimable (as the loan is probable of foreclosure or in foreclosure), we record a liability for the estimated allowance for loss-sharing (a "specific reserve") by transferring the guarantee obligation recorded on the loan to the specific reserve with any adjustments to this reserve amount recorded in provision for loss-sharing obligations in the statements of income, along with a write-off of the associated loan-specific MSR. The amount of the allowance considers our assessment of the likelihood of repayment by the borrower or key principal(s), the risk characteristics of the loan, the loan's risk rating, historical loss experience, adverse situations affecting individual loans, the estimated disposition value of the underlying collateral, and the level of risk sharing. We regularly monitor the specific reserves on all applicable loans and update loss estimates as current information is received.

Revenue Recognition

Fee-based services include commitment fees, broker fees, loan assumption fees, loan origination fees and gain on sale of loans. In some instances, the borrower pays an additional amount of interest at the time the loan is closed, an origination fee, net of any direct loan origination costs incurred, which is recognized upon sale of the loan. Revenue recognition occurs when the related services are performed, unless significant contingencies exist, and for the sale of loans, when all the incidence of ownership passes to the buyer. Interest income is recognized on the accrual basis as it is earned from loans held-for-sale.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

Transfers and Servicing of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Agency Business, put presumptively beyond the reach of the entity, even in bankruptcy, (2) the transferee (or if the transferee is an entity whose sole purpose is to engage in securitization and the entity is constrained from pledging or exchanging the assets it receives, each third-party holder of its beneficial interests) has the right to pledge or exchange the transferred financial assets, and (3) the Agency Business or its agents does not maintain effective control over the transferred financial assets or third-party beneficial interest related to those transferred assets through an agreement to repurchase them before their maturity.

Financial Instruments

We use financial instruments having off-balance-sheet risk in the normal course of business in order to reduce our exposure to fluctuations in interest rates and market prices. Included in Note 8—Commitments and Contingencies are disclosures relating to financial instruments having off-balance-sheet risk. These disclosures indicate the magnitude of our involvement in such activities and reflect the instruments at their face, contract or notional amounts, which do not necessarily represent the credit risk of such instruments. In connection with our hedging and loan sale programs, we have credit risk exposure to the extent purchasers are unable to meet the terms of their forward purchase contracts. None of the forward payment obligations of any of our counterparties is secured or subject to margin requirements. We enter into mandatory forward delivery contracts for the purpose of minimizing our exposure to movements of interest rates on rate-locked loan commitments and loans held-for-sale.

Variable Interest Entities

We are required to consolidate a variable interest entity ("VIE") if we are deemed to be the VIE's primary beneficiary. A VIE is defined as an entity in which equity investors (i) do not have the characteristics of a controlling financial interest, and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, which is defined as the party that (i) has the power to control the activities that impact the VIE's economic performance and (ii) has the right to receive the majority of expected returns or the obligation to absorb the majority of expected losses.

We evaluate our investments to determine if they qualify as VIEs or as variable interests in VIEs. There were no entities determined to be VIEs at March 31, 2016 and December 31, 2015.

Income Taxes

Our results of operations have historically been included in the consolidated federal and state income tax returns of ACM, a partnership for US tax purposes. Because a partnership is not a tax paying entity for federal and state income tax purposes, we have neither allocated nor accrued for income taxes in connection with the Agency Business.

1. Description of Business and Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued updated guidance which requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Companies will be required to use forward-looking information to better form their credit loss estimates. This updated guidance also requires enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses. The guidance is effective for us beginning in the first quarter of 2020, and early adoption is permitted beginning in the first quarter of 2019. We are currently evaluating the impact this guidance may have on our combined financial statements.

In February 2016, the FASB issued updated guidance that requires an entity to recognize lease assets and lease liabilities on the balance sheet and to disclose key information about the entity's leasing arrangements. The guidance is effective for us beginning in the first quarter of 2020 with early adoption permitted. A modified retrospective approach is required. We are currently evaluating the impact this guidance may have on our combined financial statements.

In January 2016, the FASB amended its guidance on the recognition and measurement of financial assets and liabilities. The guidance is effective for the first quarter of 2018. We are currently evaluating the impact this guidance may have on our combined financial statements.

In September 2015, the FASB amended its guidance on measurement-period adjustments arising from business combinations. The guidance was effective for the first quarter of 2016. We adopted this guidance in the first quarter of 2016 and it did not have an impact on our combined financial statements.

In April 2015, the FASB amended its guidance on the balance sheet presentation of debt issuance costs. The guidance was effective for the first quarter of 2016. We early adopted this new guidance in the fourth quarter of 2015 and it did not have a material effect on our combined financial statements.

In February 2015, the FASB amended its guidance on the consolidation analysis of variable interest entities. The guidance was effective for the first quarter of 2016. We adopted this guidance in the first quarter of 2016 and it did not have an impact on our combined financial statements.

2. Loans Held-For-Sale

Loans held-for-sale consists of:

	March 31, 2016	December 31, 2015
Fannie Mae	$ 112,535,702	$ 178,212,000
Freddie Mac	152,360,000	72,699,000
FHA	2,516,360	18,953,564
	267,412,062	269,864,564
Unearned discount	(388,402)	(946,149)
Loans held for sale, net	$ 267,023,660	$ 268,918,415

2. Loans Held-For-Sale (Continued)

Substantially all of our loans held-for-sale are commercial mortgages originated through the Fannie Mae, Freddie Mac and FHA programs. These loans are typically sold within 60 days of the origination date. At March 31, 2016 and December 31, 2015, there were no loans that were 90 days or more past due, and there were no loans that were placed on non-accrual status.

3. Investments Available-For-Sale

As an approved SBL Program seller/servicer, we originate and sell loans to Freddie Mac, which are then pooled and securitized. Upon securitization, we receive interest-only securities, or Agency IOs, under the SBL Program that are accounted for as available-for-sale at fair value with a corresponding gain recorded to fee-based services, including gain on sales, net on the combined statements of income. During the three months ended March 31, 2016, we received Agency IOs upon the completion of one securitization with a total UPB of $248.8 million and a coupon of 15 basis points of the outstanding UPB. We recorded a gain of $1.4 million and interest income of $0.3 million related to these securities. During 2015, we received Agency IOs upon the completion of three securitizations with a total UPB of $496.6 million and a coupon of 15 basis points of the outstanding UPB. The fair value of our investments available-for-sale was $4.0 million and $2.7 million at March 31, 2016 and December 31, 2015, respectively. We had no investments available for sale during the three months ended March 31, 2015.

Additionally, as part of the SBL Program securitizations, we are required to purchase the bottom tranche bond, generally referred to as "the B Piece," that represents the bottom 10%, or highest risk of the securitization. In January 2015, we entered into an agreement whereby a third party investor agreed to purchase the B Piece from the SBL Program securitization, at par, upon issuance of all securitizations related to us, resulting in the transfer of the risk to the purchaser of the bond. During the three months ended March 31, 2016, the third party investor acquired B Piece bonds from one securitization with a face value totaling $24.9 million. During 2015, the third party investor acquired B Piece bonds from three securitizations with a face value totaling $49.7 million.

4. Capitalized Mortgage Servicing Rights

Capitalized MSRs are assessed for impairment based on the fair value of those rights. Fair values are estimated considering market prices for similar MSRs, when available, and by estimating the discounted future net cash flows of the capitalized MSRs. Our capitalized MSRs presented below reflect commercial real estate MSRs that are predominantly all from Fannie Mae DUS loans.

The weighted average estimated life remaining of our MSRs was 6.4 years and 6.6 years for the three months ended March 31, 2016 and 2015, respectively. A summary of our capitalized MSR activity is as follows:

	Three Months Ended March 31,	
	2016	2015
Balance at beginning of period	$ 155,749,764	$ 137,430,760
Additions	15,810,837	11,494,487
Amortization	(6,189,775)	(5,190,141)
Write-downs and payoffs	(1,601,622)	(1,572,549)
Balance at end of period	$ 163,769,204	$ 142,162,557

4. Capitalized Mortgage Servicing Rights (Continued)

The remaining future amortization of capitalized MSR balances recorded as of March 31, 2016 is shown in the table below. Actual amortization may vary from these estimates.

Year	Amortization
2016 (nine months ended 12/31/2016)	$ 19,552,974
2017	25,767,592
2018	24,713,518
2019	23,344,361
2020	21,061,303
Thereafter	49,329,456
Total	$ 163,769,204

5. Mortgage Servicing

At March 31, 2016 and December 31, 2015, we were servicing, for a fee, commercial loans with an aggregate UPB of approximately $11.5 billion and $10.9 billion, respectively. Cash held in escrow by us for these loans at March 31, 2016 and December 31, 2015, were $320.7 million and $349.3 million, respectively. These cash balances and related escrow liabilities are not reflected in the accompanying combined balance sheets. These escrows are maintained in separate accounts at two federally insured depository institutions, which can exceed FDIC insured limits.

An analysis of the product concentrations and geographic dispersion that impact our servicing revenue is shown in the following tables. The UPB of loans in our fee-based servicing portfolio, by product, is as follows:

	March 31, 2016	December 31, 2015
Fannie Mae	$ 9,819,196,994	$ 9,594,720,067
Freddie Mac	1,240,972,845	940,565,139
FHA	382,774,780	377,063,073
Other	12,535,275	13,117,405
Total	$ 11,455,479,894	$ 10,925,465,684

The percentage of UPB of properties collateralizing the loans in our fee-based servicing portfolio by geographical area is shown in the following table. No other state accounted for more than 5% of

5. Mortgage Servicing (Continued)

UPB and related servicing revenues in any of the years presented. We do not have any operations outside of the United States.

	March 31, 2016	December 31, 2015
Texas	20%	20%
New York	11%	11%
California	10%	10%
North Carolina	9%	9%
Florida	6%	6%
All other states	44%	44%
Total	100%	100%

6. Credit Facilities

We utilize warehouse facilities and other debt agreements to finance our lending and investing activities. Borrowings underlying these arrangements are secured by substantially all of our loans held-for-sale.

Our financing agreements consist of:

	March 31, 2016			December 31, 2015		
	Debt Principal Balance	Debt Carrying Value	Weighted Average Note Rate	Debt Principal Balance	Debt Carrying Value	Weighted Average Note Rate
$150 million warehouse line of credit	$ 96,279,248	$ 96,132,272	1.94%	$128,582,653	$128,358,137	1.93%
$150 million warehouse line of credit	67,621,500	67,499,916	1.94%	62,716,000	62,527,212	1.93%
$200 million multifamily as soon as pooled plus agreement	84,397,709	84,397,709	1.53%	56,621,000	56,621,000	1.53%
$100 million warehouse line of credit	19,005,000	19,004,171	1.94%	21,944,900	21,943,242	1.93%
Facility agreement	3,000,000	2,986,458	4.44%	15,720,403	15,703,736	4.44%
$3.0 million master security agreement	2,950,967	2,950,967	3.17%	3,105,456	3,105,456	3.18%
	$273,254,424	$272,971,493	1.85%	$288,690,412	$288,258,783	2.00%

In November 2015, a $100 million warehouse line of credit with a financial institution was amended to extend the maturity to November 2016 and increase the committed amount to $150 million. The amendment also provided for a temporary increase of the committed amount to $250 million, which expired in February 2016. In addition, in June 2016 this warehouse line of credit was further amended to provide for a temporary increase of the committed amount to $225 million until July 2016. The credit agreement bears interest at a variable rate based on LIBOR and is used to

6. Credit Facilities (Continued)

finance an agency loan product, and as collateral, the financial institution has a security interest in the underlying mortgage notes.

In August 2015, a $150 million warehouse line of credit with a financial institution was amended to extend the maturity to August 2016. The line of credit bears interest at a variable rate based on LIBOR and is used to warehouse agency loans, and as collateral, the financial institution has a security interest in the underlying mortgage notes.

Since 2008, we have continued use of a Multifamily As Soon as Pooled Plus ("MASAP") agreement with Fannie Mae. The agreement has no commitment amount or expiration date and interest is based on a spread over LIBOR (with a LIBOR Floor of 0.35%). The MASAP provides us with a warehousing credit facility for mortgage loans that are to be sold and serviced under the Fannie Mae DUS program. At March 31, 2016, the uncommitted amount was $200 million, which was subsequently increased to $300 million in July 2016.

In June 2016, a $100 million warehouse line of credit with a financial institution was amended to extend the maturity to September 2016. This warehouse line of credit bears interest at a variable rate based on LIBOR and is used to finance the flow loan product, and as collateral, the financial institution has a security interest in the underlying mortgage notes.

In January 2015, we entered into an agreement whereby a third party investor agreed to purchase the B Piece of the SBL Program securitizations. In May 2015, we entered into a facility agreement with this third party investor for the purpose of funding a portion of the cash collateral required as part of the purchase obligation of the B Piece under the SBL Program. The facility bears interest at a fixed rate and matures in May 2017.

In June 2015, we entered into a master security agreement with a financial institution to finance $1.5 million for the renovation of our corporate office. In October 2015, we financed an additional $1.8 million under this agreement. The two notes bear interest at a fixed rate, require monthly amortization payments and mature in 2020.

In December 2014, we entered into a term loan with a letter of credit of up to $35.0 million with a financial institution which bears interest at a fixed rate of 3.00%, matures in December 2017, has two one-year extension options and is collateralized by our servicing revenue as approved by Fannie Mae. At March 31, 2016 and December 31, 2015, the letter of credit designated for our restricted cash requirement was $35.0 million and $33.5 million, respectively.

Each of the credit facilities contains various financial covenants and restrictions, including minimum tangible net worth, debt to equity ratio, debt service coverage ratio and a minimum servicing portfolio. We were in compliance with all financial covenants and restrictions at March 31, 2016.

7. Allowance For Loss-Sharing Obligations

When a loan is sold under the Fannie Mae DUS program, we typically agree to guarantee a portion of the ultimate loss incurred on the loan should the borrower fail to perform. The compensation for this risk is a component of the servicing fee on the loan. No guaranty is provided for loans sold under the Freddie Mac, GNMA or HUD loan programs.

7. Allowance For Loss-Sharing Obligations (Continued)

A summary of our allowance for loss-sharing obligations is as follows:

	Three Months Ended March 31,	
	2016	2015
Beginning balance	$ 28,564,318	$ 26,747,435
Current period provisions for loss sharing	1,045,153	1,419,907
Charge offs, net	(211,103)	(12,449)
Ending balance	$ 29,398,368	$ 28,154,893

We evaluate the allowance for risk-sharing obligations by monitoring the performance of each loan for triggering events or conditions that may signal a potential default. In situations where payment under the guaranty is probable and estimable on a specific loan, we record an allowance for the estimated loss-sharing obligation (a specific reserve) by transferring the guarantee obligation recorded on the loan to the specific reserve with any adjustments to this reserve amount recorded in provision for loss-sharing obligations in the statements of income, along with a write-off of the loan-specific MSR. The amount of the provision reflects our assessment of the likelihood of payment by the borrower, the estimated disposition value of the underlying collateral, the level of risk sharing, and any balance of the guaranty obligation.

When we settle a loss under the DUS Loss sharing model, the net loss is charged off against the previously recorded loss-sharing obligation. The settled loss is often net of any previously advanced principal and interest payments in accordance with the DUS program, which are reflected as reductions to the proceeds needed to settle losses. At March 31, 2016 and December 31, 2015, we had outstanding advances of $0.5 million and $0.2 million, respectively, which were netted against the allowance for loss-sharing obligations.

At March 31, 2016 and December 31, 2015, the maximum quantifiable liability associated with our guarantees under the Fannie Mae DUS agreement was $1.8 billion and $1.7 billion, respectively. The maximum quantifiable liability is not representative of the actual loss we would incur. We would be liable for this amount only if all of the loans we service for Fannie Mae, for which we retain some risk of loss, were to default and all of the collateral underlying these loans was determined to be without value at the time of settlement.

8. Commitments and Contingencies

Financial Instruments with Off-Balance-Sheet Risk

We enter into financial instruments with off-balance-sheet risk in the normal course of business through the origination and sale of mortgage loans and the management of potential loss exposure caused by fluctuations of interest rates. Financial instruments with off-balance-sheet risk include commitments to extend credit and mandatory forward commitments. These instruments involve, to varying degrees, elements of credit and interest rate risk. We manage credit risk by entering into agreements only with Wall Street investment bankers having primary dealer status and with permanent investors meeting our standards. At any time, our risk, in the event of default by the purchaser, is the difference between the contract price and current market price.

8. Commitments and Contingencies (Continued)

Until a locked interest rate commitment is extended by us to a borrower, we have no interest rate risk.

Simultaneous to a locked interest rate commitment being extended, we enter into mandatory forward commitments used to minimize interest rate exposure on loans held-for-sale and loan commitments which have been rated locked. As of March 31, 2016, there were eight commitments outstanding to borrowers which had a locked interest rate and corresponding mandatory forward commitments totaling approximately $50.3 million. As of December 31, 2015, there were ten commitments outstanding to borrowers which had a locked interest rate and corresponding mandatory forward commitments totaling approximately $46.9 million. At both March 31, 2016 and December 31, 2015, the values of these commitments were de minimus.

Litigation

In the normal course of business, we are subject to various legal proceedings and claims, the resolution of which, in management's opinion, will not have a material adverse effect on our financial position or the results of our operations. In addition, we currently are neither subject to any material litigation nor, to management's knowledge, is any material litigation currently threatened against us.

9. Fair Value of Financial Instruments

The following table summarizes the carrying values and the estimated fair values of our financial instruments. Fair value estimates are dependent upon subjective assumptions and involve significant uncertainties resulting in variability in estimates with changes in assumptions.

	March 31, 2016		December 31, 2015	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	$ 42,140,288	$ 42,140,288	$ 41,227,812	$ 41,227,812
Restricted cash	5,380,976	5,380,976	21,484,553	21,484,553
Loans held-for-sale	267,023,660	270,938,963	268,918,415	272,075,856
Investments available-for-sale	4,026,950	4,026,950	2,675,992	2,675,992
Capitalized mortgage servicing rights, net	163,769,204	209,222,021	155,749,764	203,005,289
FINANCIAL LIABILITIES				
Credit facilities (1)	$ 272,971,493	$ 273,254,423	$ 288,258,783	$ 288,690,412

(1) As of March 31, 2016 and December 31, 2015, the carrying value reflects the principal balance of our debt net of deferred financing costs totaling $0.3 million and $0.4 million, respectively.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value, see below. A financial

9. Fair Value of Financial Instruments (Continued)

instrument's level within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement.

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices in markets that are not active for identical or similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and significant to the fair value of the assets or liabilities that are developed using the reporting entities' estimates and assumptions, which reflect those that market participants would use.

The following methods and assumptions were used in estimating the fair value of each class of financial instrument:

Cash and cash equivalents and restricted cash: Fair value approximates the carrying value reported in the balance sheets based upon the short term nature of the assets. Fair values are estimated at Level 1 based on current market quotes received from active markets.

Loans held-for-sale: Consists of originated loans that are generally transferred or sold within 60 days from the date that a mortgage loan is funded, and are valued using pricing models that incorporate observable inputs from current market assumptions (Level 2).

Investments available-for-sale: The fair value of Agency IOs were approximated using Level 3 inputs and are derived from third party proprietary models using discounted cash flows based on the underlying contractual cash flows and requires significant judgements, including assumptions on discount rates and constant prepayment rates.

Capitalized mortgage servicing rights, net: Fair values are estimated using Level 3 inputs based on discounted future net cash flow methodology. The fair value of MSRs carried at amortized cost are estimated using a process that involves the use of independent third-party valuation experts, supported by commercially available discounted cash flow models and analysis of current market data to arrive at an estimate of fair value. The key inputs used in estimating fair value of MSRs include the contractually specified servicing fees, prepayment speed of the underlying loans, discount rate, annual per loan cost to service loans, delinquency rates, late charges and other economic factors.

Credit facilities: The majority of our facilities bear interest at rates that are similar to those available in the market currently (Level 2). For these facilities, fair values approximate the carrying values reported in the balance sheets.

10. Invested Equity

Invested equity presented on the combined balance sheet represents the invested equity allocated to the Agency Business based on the assets, liabilities and results of operations directly related to the Agency Business.

11. Related-Party Transactions

At both March 31, 2016 and December 31, 2015, we serviced loans for ART and its related affiliates totaling approximately $1.9 billion. The servicing of these loans does not generate a service fee as they are covered by the management agreement between ACM and ART.

Management Agreement

ACM has a management agreement with ART and its subsidiaries under which ACM has agreed to provide ART with structured finance investment opportunities and loan servicing as well as other services necessary to operate its business. The Agency Business is not a party to the management agreement by ACM and ART.

As described in Note 1—Organization and Summary of Significant Accounting Policies, ACM has provided a two year option to ART to purchase the existing management contract.

As contemplated by the Asset Purchase Agreement, certain ACM employees will be retained. To the extent such employees devote time to the Agency Business or ART subsequent to the consummation of the transactions contemplated under the Asset Purchase Agreement, ART will pay an additional management fee for the reimbursement of costs associated with the performance of duties.

12. Agency Requirements

Due to the nature of our mortgage banking activities, ACM (comprising of the Agency Business) is subject to supervision by certain regulatory agencies. Among other things, these agencies require the business to meet certain minimum net worth, operational liquidity and restricted liquidity collateral requirements, and compliance with reporting requirements. Upon closing of this acquisition in July 2016, these requirements are now the responsibility of ART. ACM's adjusted net worth and liquidity required by the agencies for all periods presented exceeded these requirements.

As of March 31, 2016, ACM was required to maintain at least $9.9 million of liquid assets to meet its operational liquidity requirements for Fannie Mae. As of March 31, 2016, ACM had operational liquidity in excess of this requirement.

ACM is generally required to share the risk of any losses associated with loans sold under the Fannie Mae DUS program. ACM is required to secure this obligation by assigning restricted cash balances and/or a letter of credit to Fannie Mae. The amount of collateral required by Fannie Mae is a formulaic calculation at the loan level and considers the balance of the loan, the risk level of the loan, the age of the loan, and the level of risk-sharing. Fannie Mae requires restricted liquidity for Tier 2 loans of 75 basis points, which is funded over a 48-month period that begins upon delivery of the loan to Fannie Mae. As of March 31, 2016, ACM met the restricted liquidity requirement with a $35.0 million letter of credit and $0.4 million of cash collateral. Additionally, substantially all of the

12. Agency Requirements (Continued)

loans for which ACM has risk sharing are Tier 2 loans. See Note 1—Organization and Summary of Significant Accounting Policies for further details.

ACM is in compliance with the March 31, 2016 liquidity collateral requirements as outlined above. As of March 31, 2016, reserve requirements for the March 31, 2016 Fannie Mae DUS loan portfolio will require ACM to fund $19.7 million in additional restricted liquidity over the next 48 months, assuming no further principal paydowns, prepayments, or defaults within our at risk portfolio. Fannie Mae periodically reassesses these collateral requirements and may make changes to these requirements in the future. We generate sufficient cash flow from our operations to meet these capital standards and do not expect any changes to have a material impact on our future operations; however, future changes to collateral requirements may adversely impact our available cash.

We are subject to various capital requirements in connection with seller/servicer agreements that we have entered into with secondary market investors. Failure to maintain minimum capital requirements could result in our inability to originate and service loans for the respective investor and, therefore, could have a direct material effect on our combined financial statements. As of March 31, 2016, ACM met all Fannie Mae capital amounts required for capital adequacy purposes, which are required on a quarterly basis. As of March 31, 2016, ACM's Fannie Mae adjusted net worth was $145.3 million, as compared to the Fannie Mae required net worth of $52.9 million. We are not subject to capital requirements on a quarterly basis for GNMA or FHA, as such requirements for these investors are required on an annual basis only.

13. Subsequent Events

We have evaluated events and transactions that occurred during the period from the balance sheet date through July 15, 2016, the date our combined financial statements are available to be issued.

On July 14, 2016, ACM completed the sale of its Agency Business to ART pursuant to an Asset Purchase Agreement dated February 25, 2016 for $276.0 million (see Note 1—Description of Business and Summary of Significant Accounting Policies).

EXHIBIT 99.3

Unaudited Pro Forma Consolidated Financial Information

The following unaudited pro forma consolidated balance sheet is presented as if the acquisition by Arbor Realty Trust, Inc. ("ART" or the "Company") of the agency platform (the "Agency Business") of Arbor Commercial Mortgage, LLC ("ACM"), referred to herein as the "Acquisition" and described below in Note 1, had occurred on March 31, 2016. The unaudited pro forma consolidated statements of income for the three months ended March 31, 2016 and year ended December 31, 2015 are presented as if the Acquisition had occurred on January 1, 2015.

The accompanying unaudited pro forma consolidated financial statements are based on the historical financial statements of the Company after giving pro forma effect to the Company's acquisition of ACM's Agency Business and its related assets, liabilities and personnel.

The unaudited pro forma consolidated financial statements have been prepared using the historical consolidated financial statements of the Company and the Agency Business of ACM. The unaudited pro forma consolidated financial information, including the notes thereto, should be read in conjunction with the following historical financial statements and accompanying notes for the applicable periods:

- The Company's unaudited consolidated financial statements for the three months ended March 31, 2016 included in our Quarterly Report on Form 10-Q which we filed with the SEC on May 6, 2016;
- The Company's audited consolidated financial statements for the year ended December 31, 2015 included in our Annual Report on Form 10-K which we filed with the SEC on February 26, 2016;
- The unaudited carve-out financial statements of the Agency Business of ACM for the three months ended March 31, 2016 included herein; and
- The audited carve-out financial statements of the Agency Business of ACM for the year ended December 31, 2015 included herein.

The unaudited pro forma consolidated financial information has been prepared by management and is based upon available information, preliminary estimates and certain assumptions that management believes are reasonable and factually supportable to reflect the effects of the Acquisition. The unaudited pro forma consolidated financial information is preliminary and is being furnished solely for informational purposes and, therefore, is not necessarily indicative of the consolidated results of operations or financial position that might have been achieved by the consolidated company for the dates or periods indicated, nor is it necessarily indicative of the results of operations or financial position of the consolidated company that may occur in the future.

The unaudited pro forma consolidated financial statements have been prepared using the acquisition method of accounting for business combinations under accounting principles generally acceptable in the United States, or GAAP. The unaudited pro forma adjustments related to the Acquisition are preliminary and do not reflect the final purchase price of the Acquisition. The completion of the valuation, accounting for the Acquisition, the allocation of the purchase price and the impact of ongoing integration activities could cause significant differences in the purchase price and allocation of the purchase price, which may affect the value assigned to the tangible or intangible assets and amount of depreciation and amortization expense.

The unaudited pro forma consolidated statement of income do not reflect any non-recurring revenues or charges related to integration activity that may be incurred by the Company or the Agency Business of ACM with respect to the Acquisition. The unaudited pro forma consolidated financial statements also do not reflect any cost savings or synergies that we may realize in connection with the Acquisition.

ARBOR REALTY TRUST, INC.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

As of March 31, 2016

(In thousands, except share and per share data)

	Historical ART	Historical Agency Business	Pro Forma Adjustments		Pro Forma Total
Assets:					
Cash and cash equivalents	$ 145,133	$ 42,140	$ (110,433)	**A**	$ 76,840
Restricted cash	20,124	5,381	(381)	**B**	25,124
Loans held-for-sale	—	267,024	3,916	**C**	270,940
Loans and investments, net	1,581,622	—	—		1,581,622
Available-for-sale securities, at fair value	412	4,027	—		4,439
Investments in equity affiliates	34,927	—	—		34,927
Real estate owned, net	31,698	—	—		31,698
Real estate held-for-sale, net	28,590	—	—		28,590
Due from related party	436	—	—		436
Capitalized mortgage servicing rights, net	—	163,769	52,090	**D**	215,859
Goodwill	—	—	20,618	**E**	20,618
Intangible assets	—	—	47,492	**F**	47,492
Other assets	29,478	8,895	—		38,373
Total assets	$ 1,872,420	$ 491,236	$ 13,302		$ 2,376,958
Liabilities and Equity:					
Credit facilities and repurchase agreements	$ 183,926	$ 272,972	$ 283	**G**	$ 457,181
Related party financing	—	—	50,000	**H**	50,000
Collateralized loan obligations	759,734	—	—		759,734
Senior unsecured notes	93,956	—	—		93,956
Junior subordinated notes	157,305	—	—		157,305
Mortgage note payable—real estate held-for-sale	27,113	—	—		27,113
Accounts payable and accrued expenses	—	19,885	—		19,885
Due to related party	2,406	—	—		2,406
Due to borrowers	42,020	—	—		42,020
Allowance for loss-sharing obligations	—	29,398	—		29,398
Other liabilities	44,606	—	—		44,606
Total liabilities	1,311,066	322,255	50,283		1,683,604
Noncontrolling interest in Operating Partnership	—	—	137,788	**I**	137,788
Equity:					
Preferred stock	89,296	—	212	**I**	89,508
Common stock, $0.01 par value	514	—	—		514
Additional paid-in capital	617,921	—	—		617,921
Accumulated deficit	(142,632)	—	(6,000)	**J**	(148,632)
Accumulated other comprehensive loss	(3,745)	—	—		(3,745)
Invested equity	—	168,981	(168,981)	**K**	—
Total equity	561,354	168,981	(174,769)		555,566
Total liabilities and equity	$ 1,872,420	$ 491,236	$ 13,302		$ 2,376,958

See accompanying notes to the Unaudited Pro Forma Consolidated Financial Statements.

ARBOR REALTY TRUST, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME

For the three months ended March 31, 2016

(In thousands, except share and per share data)

	Historical ART	Historical Agency Business	Pro Forma Adjustments		Pro Forma Total
Interest income	$ 25,818	$ 3,043	$ —		$ 28,861
Interest expense	12,749	2,003	1,011	L	15,763
Net interest income	13,069	1,040	(1,011)		13,098
Other revenue:					
Property operating income	5,332	—	—		5,332
Fee-based services, including gain on sales, net	—	13,309	—		13,309
Originated mortgage servicing rights	—	15,811	—		15,811
Servicing revenue, net	—	9,237	(1,760)	M	7,477
Other income, net	90	—	—		90
Total other revenue	5,422	38,357	(1,760)		42,019
Other expenses:					
Employee compensation and benefits	4,328	14,338	(1,577)	N	17,089
Selling and administrative	5,765	3,296	(3,315)	O	5,746
Property operating expenses	4,317	—	—		4,317
Depreciation and amortization	878	—	2,226	P	3,104
Provision for loss sharing	—	1,045	—		1,045
Provision for loan losses (net of recoveries)	(15)	—	—		(15)
Management fee—related party	2,700	—	1,557	Q	4,257
Total other expenses	17,973	18,679	(1,109)		35,543
Income from operations, net	518	20,718	(1,662)		19,574
Gain on sale of real estate	608	—	—		608
Income from equity affiliates	1,897	—	—		1,897
Provision for income taxes	—	—	(2,300)	R	(2,300)
Net income	3,023	20,718	(3,962)		19,779
Preferred stock dividends	1,888	—	—		1,888
Net income attributable to noncontrolling interest	—	—	5,255		5,255
Net income attributable to common stockholders	$ 1,135	$ 20,718	$ (9,217)		$ 12,636
Basic earnings per common share	$ 0.02				$ 0.25
Diluted earnings per common share	$ 0.02				$ 0.25
Weighted average number of shares of common stock outstanding:					
Basic	51,045,219		—		51,045,219
Diluted	51,095,128		21,230,769	S	72,325,897

See accompanying notes to the Unaudited Pro Forma Consolidated Financial Statements.

ARBOR REALTY TRUST, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2015

(In thousands, except share and per share data)

	Historical ART	Historical Agency Business	Pro Forma Adjustments		Pro Forma Total
Interest income	$ 106,769	$ 10,126	$ —		$ 116,895
Other interest income, net	7,884	—	—		7,884
Interest expense	49,720	7,070	3,750	T	60,540
Net interest income	64,933	3,056	(3,750)		64,239
Other revenue:					
Property operating income	27,666	—	—		27,666
Fee-based services, including gain on sales, net	—	51,317	—		51,317
Originated mortgage servicing rights	—	47,614	—		47,614
Servicing revenue, net	—	27,822	(7,039)	U	20,783
Other income, net	270	—	—		270
Total other revenue	27,936	126,753	(7,039)		147,650
Other expenses:					
Employee compensation and benefits	17,500	54,616	(5,835)	V	66,281
Selling and administrative	12,526	14,626	(3,515)	W	23,637
Property operating expenses	23,238	—	—		23,238
Depreciation and amortization	5,436	—	8,876	X	14,312
Provision for loss sharing	—	3,785	—		3,785
Provision for loan losses (net of recoveries)	4,467	—	—		4,467
Management fee—related party	10,900	—	5,343	Y	16,243
Total other expenses	74,067	73,027	4,869		151,963
Income from operations, net	18,802	56,782	(15,658)		59,926
Gain on acceleration of deferred income	19,172	—	—		19,172
Loss on termination of swaps	(4,630)	—	—		(4,630)
Gain on sale of real estate	7,784	—	—		7,784
Income from equity affiliates	12,301	—	—		12,301
Provision for income taxes	—	—	(6,300)	Z	(6,300)
Net income	53,429	56,782	(21,958)		88,253
Preferred stock dividends	7,554	—	—		7,554
Net income attributable to noncontrolling interest	—	—	23,767		23,767
Net income attributable to common stockholders	$ 45,875	$ 56,782	$ (45,725)		$ 56,932
Basic earnings per common share	$ 0.90				$ 1.12
Diluted earnings per common share	$ 0.90				$ 1.12
Weighted average number of shares of common stock outstanding:					
Basic	50,857,750		—		50,857,750
Diluted	51,007,328		21,230,769	AA	72,238,097

See accompanying notes to the Unaudited Pro Forma Consolidated Financial Statements.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Description of Transaction

On February 25, 2016, the Company entered into an asset purchase agreement ("Asset Purchase Agreement") to acquire the Agency Business of ACM. ACM is the Company's external manager and a related party to the Company. On July 14, 2016, the Company completed the Acquisition of the Agency Business for $276.0 million. The purchase price was paid with $138.0 million in stock, $88.0 million in cash and with the issuance of a $50.0 million seller financing instrument. The equity component of the purchase price consists of 21.23 million operating partnership units which are redeemable for cash, or at the Company's option, for shares of the Company's common stock on a one-for-one basis ("OP Units"), and was based on a stock price of $6.50 per share. Each of the OP Units was paired with a share of newly designated special voting preferred stock of the Company which entitles ACM to one vote per share on any matter submitted to a vote of the Company's stockholders. The OP Units are entitled to receive distributions if and when the Company's Board of Directors authorizes and declares common stock distributions. The purchase price is subject to potential adjustment based on changes in the value of ACM's servicing portfolio acquired on the closing date. All of the ACM employees directly related to the Agency Business (approximately 240 employees) are part of the Company as of the closing.

The Agency Business of ACM is comprised of its (i) underwriting, originating, selling and servicing multifamily mortgages under the Federal National Mortgage Association ("FNMA") delegated underwriting and servicing ("DUS"), U.S. Department of Housing and Urban Development ("HUD")/Federal Housing Administration ("FHA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and conduit/commercial mortgage-backed securities ("CMBS") programs, and (ii) certain assets and liabilities related to the Agency Business primarily consisting of the mortgage servicing rights related to the agency servicing portfolio, agency loans held for sale, warehouse financing of agency loans held for sale and other assets and liabilities directly related to the Agency Business.

In addition, pursuant to the Asset Purchase Agreement, ACM has provided a two year option for the Company to purchase the existing management contract and fully internalize the Company's management structure for $25.0 million (increasing to $27.0 million in the second year). The exercise of this option is at the discretion of the special committee of the Company's board of directors, which has no obligation to exercise its option.

The sources for the Acquisition purchase price are as follows (in thousands):

Issuance of 21,230,769 OP Units at $6.50 per share	$ 138,000
Cash on hand	88,000
Borrowings from seller financing	50,000
Total Sources	$ 276,000

Note 2—Fair Value of Assets Acquired, Liabilities Assumed and Calculation of Goodwill.

The total purchase price has been allocated in the accompanying unaudited pro forma consolidated financial statements based upon (i) the amounts reported in the historical carve-out financial statements of the Agency Business of ACM for any assets that are reported at fair value in accordance with ACM's historical accounting policies, or (ii) management's preliminary estimates of fair value. The preliminary allocation of the Agency Business's tangible and intangible assets and

Note 2—Fair Value of Assets Acquired, Liabilities Assumed and Calculation of Goodwill. (Continued)

liabilities under this methodology as if the Acquisition occurred on March 31, 2016, is as follows (in thousands):

Assets Acquired	
Cash and cash equivalents	$ 42,140
Less: Working capital adjustment	(16,433)
Restricted cash	5,381
Less: FNMA restricted cash	(381)
Loans held-for-sale	270,940
Investments available-for-sale	4,027
Capitalized mortgage servicing rights, net	215,859
Finite-lived intangible assets (a)	40,012
Infinite-lived intangible assets (a)	7,480
Other assets	8,895
Liabilities Assumed	
Credit facilities and repurchase agreements	(273,255)
Accounts payable and accrued expenses	(19,885)
Allowance for loss-sharing obligations	(29,398)
Net assets acquired	$ 255,382

(a) The following table summarizes the estimated fair values of the Company's identifiable intangible assets, their estimated useful lives and amortization expense under the straight line method, if applicable (dollars in thousands):

	Estimated Fair Value	Estimated Useful Life in Years	3 Mos. Ended Mar. 31, 2016 Amortization Expense	Annual 2015 Amortization Expense
Finite-lived intangible assets:				
Broker relationships	$ 35,709	5.0	$ 1,786	$ 7,144
Borrower relationships	4,303	5.0	215	860
	$ 40,012	5.0	$ 2,001	$ 8,004
Infinite-lived intangible assets:				
FNMA DUS license	$ 6,324			
Freddie Mac Program Plus license	578			
FHA license	578			
	$ 7,480			

These preliminary estimates of fair value and estimated useful lives will likely differ from final amounts that will be calculated after completing a detailed valuation analysis, and the difference could have a material impact on the accompanying unaudited pro forma consolidated financial statements. A 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the balance of goodwill of approximately $4.7 million and annual amortization expense of approximately $0.8 million.

Goodwill represents the excess of the purchase price over the fair value of the underlying net tangible and identifiable intangible assets acquired and liabilities assumed. This determination of

Note 2—Fair Value of Assets Acquired, Liabilities Assumed and Calculation of Goodwill. (Continued)

goodwill is preliminary, and is subject to change when the evaluation is complete. A preliminary determination of the goodwill is as follows (in thousands):

Total purchase price	$ 276,000
Preliminary estimate of the fair value of net assets acquired	(255,382)
Goodwill	$ 20,618

Note 3—Pro Forma Adjustments

The pro forma adjustments included in the accompanying information do not reflect the final Acquisition purchase price. The allocation of consideration transferred to the various tangible and intangible assets acquired and liabilities assumed is preliminary and is subject to change.

Unaudited Pro Forma Consolidated Balance Sheet as of March 31, 2016:

A) To reflect the cash consideration payment of $88.0 million upon consummation of the Acquisition. Adjustment also reflects a $16.4 million reduction to the ACM cash balance pursuant to the terms of the excess working capital adjustment outlined in the Asset Purchase Agreement. Additionally, adjustment reflects a $6.0 million reduction representing the estimated remaining transaction costs related to the Acquisition at March 31, 2016.

B) To reflect $0.4 million of cash posted as collateral under the FNMA DUS program refunded to ACM. As per the Asset Purchase Agreement, ACM is entitled to any FNMA restricted cash less than or equal to $2.5 million.

C) To reflect the fair value adjustment necessary to write-up Loans held-for-sale to equal the independent third party estimated fair value of $270.9 million at March 31, 2016.

D) To reflect the preliminary fair value adjustment necessary to write-up Capitalized mortgage servicing rights, net to equal the independent third party estimated fair value of $215.9 million at March 31, 2016. The fair value adjustment includes estimated capitalized mortgage servicing rights of $6.6 million related to the Agency Business of ACM's loans held-for-sale at March 31, 2016.

E) To reflect the establishment of goodwill of $20.6 million estimated as a result of the preliminary purchase price allocation detailed above.

F) To reflect the preliminary purchase price allocation recognition of certain intangible assets including broker and borrower relationships and all GSE licenses (see Note 2 above).

G) To reflect the fair value adjustment necessary to write-up Credit facilities and repurchase agreements to equal the independent third party estimated fair value of $273.3 million at March 31, 2016.

H) To reflect the financing of $50.0 million upon consummation of the Acquisition. In connection with the closing of the Acquisition, a subsidiary of the Company entered into a $50.0 million financing with ACM, which was used to satisfy a portion of the cash component of the purchase price. This debt has a five year maturity with an interest pay rate of 7% for the first six months, 8% for the next year, and increasing by 1% per annum thereafter. Additionally, after 18 months the principal balance due is scheduled to increase over time with $62.5 million due if the debt remained outstanding until the end of the five-year term.

I) To reflect the value of the 21.23 million OP Units issued at an offering price of $6.50 per share to raise the $138.0 million of capital needed ($276.0 million purchase price of which

Note 3—Pro Forma Adjustments (Continued)

$138.0 million is in cash and $138.0 million is in stock). Each of these OP Units are paired with one share of the Company's Special Voting Preferred Stock having a par value of $0.01 per share and entitling ACM to one vote on any matter submitted to the Company's stockholders.

J) To reflect $6.0 million of estimated remaining transaction costs related to the Acquisition (see Note A).

K) To reflect the elimination of the ACM Agency Business's Invested equity balance in consolidation.

Unaudited Pro Forma Consolidated Statement of Income for the Three Months Ended March 31, 2016:

L) To reflect the additional interest expense associated with the financing of $50.0 million upon consummation of the Acquisition (see Note H above). The debt has an interest pay rate of 7% for the first six months and 8% for the following year. The adjustment of $1.0 million is based on the $50.0 million principal balance and an interest rate of 8%.

M) To reflect an increase in amortization of originated mortgage servicing rights based on a projected fair value adjustment to Capitalized mortgage servicing rights, net on the balance sheet over the estimated life of approximately 7.4 years.

N) To reflect the reallocation of compensation related to certain employees based on the portion of their allocable time spent working on the ACM Agency Business, which was previously recorded in Employee compensation and benefits on the historical financial statements of the ACM Agency Business. As a result of the Acquisition, these employees will be retained by ACM and their allocable portion of time spent working on the ACM Agency Business will be charged through the Management fee (see Note Q below).

O) To reflect a $3.1 million decrease for non-recurring, one-time transaction costs recorded by the Company in the first quarter of 2016 related to the Acquisition. Additionally, the adjustment includes a $0.2 million decrease related to the reclassification of depreciation (see Note P below). These decreases were partially offset by a less than $0.1 million reallocation of the Selling and administrative portion of the Management fee (see Note Q below). The pro forma adjustment represents the increase in Selling and administrative expenses related to non-compensation costs (i.e. rent, utilities) that are captured within the Management fee.

P) To reflect a $2.0 million increase in amortization of intangibles calculated as the pro forma adjustment to certain intangible assets on the balance sheet (see Note F above) divided by the useful life of those assets in years. The useful life is estimated as five years for both broker and borrower relationships. All other intangible assets, such as all GSE licenses are considered to have an indefinite life and are not subject to amortization. Additionally, adjustment reflects $0.2 million related to the reclassification of Depreciation from Selling and administrative expenses. Depreciation was originally recorded as part of Selling and administrative expenses on the ACM Agency Business's historical financial statements.

Q) To reflect the reallocation of Compensation and Selling and administrative expenses (see Notes N & O above), resulting in a net increase to the Management fee upon consolidation.

Note 3—Pro Forma Adjustments (Continued)

R) To reflect the estimated income tax provision of $2.3 million related to the ACM Agency Business historical net income for the first quarter of 2016, which represents an estimated effective tax rate for the ACM Agency Business of approximately 11%.

S) To reflect the issuance of 21.23 million OP Units in connection with the Acquisition (see Note I above).

Unaudited Pro Forma Consolidated Statement of Income for the Year Ended December 31, 2015:

T) To reflect the additional interest expense associated with the financing of $50.0 million upon consummation of the Acquisition (see Note H above). The debt has an interest pay rate of 7% for the first six months and 8% for the following year. The adjustment of $3.8 million is based on the $50.0 million principal balance and an average interest rate of 7.5%.

U) To reflect an increase in amortization of originated mortgage servicing rights based on a projected fair value adjustment to Capitalized mortgage servicing rights, net on the balance sheet over the estimated life of approximately 7.4 years.

V) To reflect the reallocation of compensation related to certain employees based on the portion of their allocable time spent working on the ACM Agency Business, which was previously recorded in Employee compensation and benefits on the historical financial statements of the ACM Agency Business. As a result of the Acquisition, these employees will be retained by ACM and their allocable portion of time spent working on the ACM Agency Business will be charged through the Management fee (see Note Y below).

W) To reflect a $3.1 million decrease for non-recurring, one-time transaction costs recorded by the Company in 2015 related to the Acquisition. Additionally, the adjustment includes a $0.9 million decrease related to the reclassification of depreciation (see Note X below). These decreases were partially offset by a $0.5 million reallocation of the Selling and administrative portion of the Management fee (see Note Y below). The pro forma adjustment represents the increase in Selling and administrative expenses related to non-compensation costs (i.e. rent, utilities) that are captured within the Management fee.

X) To reflect an $8.0 million increase in amortization of intangibles calculated as the pro forma adjustment to certain intangible assets on the balance sheet divided by the useful life of those assets in years. The useful life is estimated as five years for both broker and borrower relationships. All other intangible assets, such as all GSE licenses are considered to have an indefinite life and are not subject to amortization. Additionally, adjustment reflects $0.9 million related to the reclassification of Depreciation from Selling and administrative expenses. Depreciation was originally recorded as part of Selling and administrative expenses on the ACM Agency Business's historical financial statements.

Y) To reflect the reallocation of Compensation and Selling and administrative expenses (see Notes V & W above), resulting in a net increase to the Management fee upon consolidation.

Z) To reflect the estimated income tax provision of $6.3 million related to the ACM Agency Business historical net income for 2015, which represents an estimated effective tax rate for the ACM Agency Business of approximately 11%.

AA) To reflect the issuance of 21.23 million OP Units in connection with the Acquisition (see Note I above).

QuickLinks

EXHIBIT 99.3

Unaudited Pro Forma Consolidated Financial Information
ARBOR REALTY TRUST, INC. UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET As of March 31, 2016 (In thousands, except share and per share data)
ARBOR REALTY TRUST, INC. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME For the three months ended March 31, 2016 (In thousands, except share and per share data)
ARBOR REALTY TRUST, INC. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME For the year ended December 31, 2015 (In thousands, except share and per share data)
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS