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Collateral and Loan Obligation Management Brochure

Arbor Realty Collateral Management, LLC

333 Earle Ovington Boulevard, Suite 900
Uniondale, New York 11553

375 Park Ave, Suite 3000
New York, New York 10152

www.arbor.com
1-800-878-5160

This brochure provides information about the qualifications and business practices of Arbor Realty Collateral Management, LLC. If you have questions about the content of this brochure, please contact us at 800-878-5160. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any other federal or state securities authority.

Additional information about Arbor Realty Collateral Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

The information in this brochure has been prepared for use by the clients of Arbor Realty Collateral Management, LLC ("ARCM") and has been obtained from sources believed to be reliable. ARCM is a registered investment adviser with the Securities and Exchange Commission and, as such, this brochure and the contents are a matter of public record or have been provided in sources available to the public. Please note that the registered status of ARCM with the Securities and Exchange Commission does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

Since ARCM's last update of its brochure as of December 31, 2023, the following material updates were made:

- The brochure was updated to reflect the advisory services that ARCM now provides to a new client.
- The brochure was updated to reflect ARCM's current approach to the COVID-19 crisis and the transition away from LIBOR.

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ITEM 4. ADVISORY BUSINESS

About Us

About Us

Arbor Realty Collateral Management, LLC (“ARCM”) is a collateral and loan obligation manager, established in 2005, that provides certain advisory, administrative and monitoring services in connection with the specific collateralized loan obligations of Arbor Realty Commercial Real Estate Notes 2019-FL2, Ltd., Arbor Realty Commercial Real Estate Notes 2020-FL1, Ltd., Arbor Realty Commercial Real Estate Notes 2021-FL1, Ltd., Arbor Realty Commercial Real Estate Notes 2021-FL2, Ltd., Arbor Realty Commercial Real Estate Notes 2021-FL3, Ltd., Arbor Realty Commercial Real Estate Notes 2021-FL4, Ltd., Arbor Realty Commercial Real Estate Notes 2022-FL1, Ltd., and Arbor Realty Commercial Real Estate Notes 2022-FL2, LLC (collectively, the “CLOs”). Each CLO is an issuer of certain collateralized loan obligations. ARCM is a wholly owned subsidiary of Arbor Realty SR, Inc. (“ARSR”), which in turn is a publicly traded real estate investment trust wholly owned by Arbor Realty Trust, Inc. (“ART”), a real estate investment trust. ARCM also provides advisory services to a private fund that is a joint venture investing in preferred equity investments in multifamily properties and expects it may advise other private funds (collectively, “Private Funds”) but its primary role is as a loan obligation manager of the CLOs.

ARCM was established, and is directly and wholly owned, by ARSR and is an indirect, wholly owned subsidiary of ART. Collectively, ART and its subsidiaries and affiliates have extensive experience in mortgage origination, servicing, and securitization.

ARCM’s role, pursuant to the loan obligation management agreements executed between ARCM and each CLO (“Loan Obligation Management Agreements”), is to ensure that the CLOs perform in accordance with their governing documents and for the benefit of their investors. Specifically, ARCM manages the portfolios in order to generate sufficient returns to meet the CLOs’ payment obligations and to optimize the returns to the investors. ARCM plays a pivotal role in the management and maintenance of the securities related to the CLOs. Its role is embedded in the issuance of the CLOs, during the active life of the CLOs and through maturity. ARCM manages its Private Funds to ensure the Private Funds perform in accordance with their governing documents and for the benefit of their investors.

ARCM does not currently participate in any wrap fee programs.

Subject to the terms and conditions of the agreements relating to the CLOs, ARCM has the authority to make decisions regarding the credit quality of the CLOs and their respective portfolios. In accordance with the governing documents for each clients’ assets, ARCM may recommend those transactions categorized as “restricted” within the governing documents for each clients’ assets, provided, however, that the appropriate disclosures are made, approvals secured from the requisite committees and persons, and evidence of favorability provided.

This role of loan obligation manager and investment advisor is an important one and requires a commitment to quality and accuracy, an appreciation for a strict adherence to rules and regulations,

while maintaining needed flexibility to react to changing circumstances. The experienced team employed by ARCM consistently exhibits these qualities through their unwavering and skillful execution of the management of the assets in the CLOs.

In connection with the Private Funds, ARCM may provide advisory services on a discretionary or non-discretionary basis in accordance with the governing documents of the Private Fund.

Services and Products

The services offered by ARCM in respect of CLOs include but are not limited to the following:

- Determination of collateral debt securities to be purchased or sold and the timing of such;
- Determination of eligible investments to be purchased or sold and the timing of such;
- Providing direction in connection with the purchase of collateral debt securities and eligible investments and directing the investment or reinvestment of applicable proceeds;
- Negotiating with obligors related to collateral debt securities as to proposed modifications and/or waivers of the documentation governing such collateral debt securities;
- Taking action, with the trustees where required, with respect to the issuer's exercise of any rights;
- Facilitating and fostering appropriate communication with the rating agencies, where requested and required;
- Determination of the status of assets and collateral debt securities (i.e. defaulted, credit risk, etc.);
- Determination as to whether to recommend that any defaulted assets, and any other assets that are permitted or required to be sold pursuant to governing documents, should be sold, and to recommend that the client effect a disposition of any such assets, subject to, and in accordance with the governing documents;
- Recommending actions with respect to the client's exercise of any rights or remedies in connection with assets and investments, or taking any action with respect to said assets and investments that is determined, in accordance with the standards evidenced in the governing documents, is in the best interest of the client in accordance with and as permitted by the governing documents;
- Periodically reporting to the investors;
- Monitoring assets on an on-going basis; and,
- Managing the investments of the issuer in accordance with the applicable documents.

The services provided by ARCM or one or more of its affiliates to a Private Fund may include the following: sourcing, investigating, underwriting, negotiating and servicing the relevant investments. ARCM will provide any of the advisory services specified in and in accordance with the governing documents of the Private Fund.

As of December 31, 2023, ARCM has \$7,558,886,325 in client assets under management on behalf of the CLOs all of which is managed on a discretionary basis. All collateralized loan obligations with an established agreement with ARCM have equal access to the services provided by ARCM, and ARCM applies said services in a uniform manner. However, ARCM delivers such services with an

understanding of the individual needs of each CLO and tailors its application appropriately. As of December 31, 2023, ARCM has \$70,000,000 in client assets under management on behalf of Private Funds which is managed on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

CLOs. Pursuant to the existing agreements with the CLOs, as compensation for the performance of its obligations as collateral manager and investment advisor, ARCM is entitled to receive fees, payable quarterly in arrears, equal to certain percentages of assets under management. These fees are allocated and paid in accordance with the designated “Priority of Payments” or waterfall payments.

The treatment, calculation, and payment of ARCM’s fees are described in further detail within the agreements executed by and between ARCM and its clients.

Certain organizational and structuring fees and expenses, including legal fees and expenses of counsel of ARCM are to be paid from a portion of the gross proceeds from the issuance and sale of securities. Additionally, the hiring and retention of independent consultants, accountants, legal advisers, vendors (i.e. paying agents, etc.) by, or on behalf of, the CLOs in connection with certain services provided by or duties performed by ARCM and reasonable travel expenses undertaken in connection with the performance by ARCM of its duties as collateral manager, each as described in the applicable governing documents, shall be covered by the respective client. The CLOs, as detailed within the governing documents, and as directed by ARCM and/or other designated persons, may from time to time incur other types of fees and expenses from its other service providers or in the operation of its business, including but not limited to distribution fees, servicing fees, special servicing fees, administrative fees, audit fees, and printing costs. Otherwise, ARCM is responsible for all expenses and costs incurred by it in the course of performing its obligations under its agreements with the CLOs.

If a client elects to terminate its management or advisory agreement with ARCM, any accrued fees owed to ARCM will be prorated, as required, and charged to the client.

Neither ARCM nor any of its supervised persons are compensated for the sale of securities or other investment products.

Private Funds. Private Fund investors will pay operating expenses, capital expenditures, other expenses relating to due diligence and transaction costs, legal fees, servicing fees, origination, commitment and underwriting fees, exit fees, liquidation and dissolution expenses, extension fees, workout fees, special servicing fees, loan fees, brokerage fees, custodian fees, real estate taxes, utility costs, insurance, maintenance, repair, management and leasing expenses, accounting fees, attorneys’ fees, fees for other professional services and other fees and expenses that may be payable under the governing documents relating to any Private Fund and its investments. The Firm is not currently receiving incentive based compensation in respect of its Private Funds.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither ARCM nor any of its supervised persons currently (i) accepts performance-based fees, or (ii) manages both accounts that are charged a performance-based fee and accounts that are charged another type of fee.

ITEM 7. TYPES OF CLIENTS

ARCM was initially established for the purpose of providing collateral and loan obligation management services for the CLOs. Currently, ARCM exclusively provides its services to collateralized debt obligations, pooled investment vehicles, and certain investment funds, including Private Funds. Given ARCM's select client base, it does not currently have a need for establishing particular guidelines in connection with opening or maintaining an account, with exception of a management or advisory agreement executed by both parties governing the terms of the relationship.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

CLO Investments.

ARCM utilizes a sizable asset portfolio, a strong platform, available technology, and a highly experienced team in order to provide its clients with superior collateral and loan obligation management, delivering enhanced service and results to the investors in the CLOs.

The Arbor brand, and ARCM specifically, has an established and notable presence in the Structured Finance market. This presence, along with the relationships established by the securitization team employed by ARCM, affords ARCM certain advantages in the leveraging of information and negotiation of the purchase and sale of securities and assets.

ARCM's securitization team has worked over the last eight years to develop its own suite of proprietary models and analytical tools which facilitate the efficient monitoring of its clients' investments. The legal team behind ARCM further analyzes all aspects of the portfolios and investment choices such that a balanced, well-rounded decision making process is utilized on behalf of the clients.

While ARCM has access to skilled underwriting, securitization and legal teams covering the full breadth of the investment process, there are standard risks inherent to management of vehicles of this nature. Any collateral debt and loan obligation securities are subject to credit, liquidity and interest rate risks, and some will be subject to timing risks. Any losses and expenses incurred as a result of the purchase, sale and holding process, are generally borne first by the subordinated collateral debt securities and then by the related more senior tranche or tranches. The amount and nature of the underlying assets have been and are typically established with a view to withstand certain assumed deficiencies in payment occasioned by defaults in respect of the collateral debt and loan obligation securities. Of course, the assumed thresholds can be exceeded, and to the extent that a default occurs with respect to any collateral debt or loan obligation security, it is not likely that the full amount of principal and interest owed will be forthcoming.

In addition, the market value of the collateral debt and loan obligation securities generally will fluctuate with, among other things, the financial condition of the obligors on or issuers of the collateral debt and loan obligation securities, the credit quality of the underlying asset or pool of assets securing any collateral debt security, the remaining term thereof to maturity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. ARCM does not have or hold any liability or obligation to the investors as to the amount or value of, or decrease in the value of, the collateral debt or loan obligation securities from time to time. In the event that a loan obligation security becomes troubled, ARCM may either sell or retain the affected asset. However, there can be no assurance as to the timing of the sale of the affected asset, or if there will be any market for such asset or as to the rates of recovery on such affected asset.

Although the inherent risk is borne by the investors, CLOs are ultimately established for the purpose of transferring credit risk and, as such, that risk is stringently monitored and managed by ARCM.

Private Fund Investments.

ARCM utilizes a strong platform, available technology, and a highly experienced team in order to provide its clients with sourcing for preferred equity investments in multifamily properties. ARCM sources preferred equity investments in multifamily properties that are presented or offered to ARCM or its affiliates and that are consistent with its client's investment strategy. These investments are presented on a non-discretionary basis for a client's consideration and approval.

Investments in preferred equity investments involve a higher degree of risk than traditional mortgage financing. Such investments are usually subordinate to other loans and are not secured by the property underlying the investment. Should the issuer default on its investment, the holder of the preferred can only proceed against the entity in which it has an interest, and not the underlying property. As a result, some or all of the investment may result in a loss. In addition the preferred equity holder generally has limited control rights.

Multifamily and commercial property values and net operating income derived from such properties are subject to volatility and may be affected adversely by a number of factors, including fires and other casualties, natural disasters, acts of war and/or terrorism, adverse economic conditions, local real estate conditions (such as an oversupply of similar properties), changes or continued weakness in specific industry segments, construction quality, construction cost, age and design, demographic factors, retroactive changes to building or similar codes, increases in operating expenses (such as energy costs) and other factors that may cause unanticipated and uninsured performance declines and/or losses to the investor or the owners and operators of the real estate securing the investment. In the event a property's net operating income decreases, a borrower may have difficulty repaying its loans, which could result in losses. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay its loans, which could negatively impact the operating results of the investment.

The information included in this brochure does not include every potential risk or conflict associated with each investment strategy or security. Investing in securities involves risk of loss that clients should be prepared to bear including the risk of loss of the entire investment. Clients are urged to ask questions regarding risks and conflicts applicable to a particular investment strategy or security, read all product-specific risk or conflict disclosures and determine whether a particular strategy or type of security is suitable for their own account in light of their circumstances, investment objectives and financial situation. All applicable disclosure documents, including any offering memoranda and supporting documentation with respect to any CLO or any other pooled investment vehicle or Private Fund, that include risk or conflict disclosures, are incorporated herein by reference.

ITEM 9. DISCIPLINARY INFORMATION

There are currently no legal or disciplinary events that would be considered material to any client's or prospective client's evaluation of ARCM's advisory business or the integrity of its management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

At this time, neither ARCM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities, as applicable. In addition, neither ARCM nor any of its management persons has any relationship or arrangement that is material to its advisory business or to its clients with any broker dealer, municipal securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant or real estate broker or dealer.

ARCM and its affiliates will devote such time as shall be necessary to conduct the business affairs of each of the CLOs in an appropriate manner and as required by the applicable governing documents. However, personnel of ARCM and its affiliates will work on several projects at any time and, therefore, conflicts may arise in the allocation of personnel and other management resources. ARCM and its affiliates are not required to manage any one of such entities as its sole and exclusive function, and ARCM, its affiliates and their respective agents, officers, directors and employees may engage in or possess any interests in business ventures and may generally engage in other activities independently or with others, including the rendering of advice or services of any kind to other investors and the making or management of other investments or other investment funds. Please refer to Item 11 below for further information regarding ARCM's management of potential conflicts.

ARCM does not select other investment advisers for its clients.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

ARCM is committed to the highest standards of business conduct in its relationships with clients, employees and others. ARCM's Code of Business Conduct and Ethics (the "Code") helps in this endeavor by providing a statement of the fundamental principles and key policies and procedures that govern the conduct of business.

The Code incorporates the following general principles that all supervised persons of ARCM and its affiliates are expected to uphold: such persons must at all times place the best interests of clients first; they must at all times comply with all applicable securities laws and regulations; such persons should adhere to the standard that employees should not take inappropriate advantage of their position; all personal securities transactions must be conducted in a manner consistent with the Code; such persons should use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; information concerning the identity of securities and financial circumstances of clients must be kept confidential; such persons should avoid actual or potential conflicts of interest; and questions with respect to violations of the Code, or otherwise relating to the Code, must be promptly reported to ARCM's Chief Compliance Officer (the "CCO"). The Code also places restrictions on personal trades by access persons of ARCM and its affiliates, including requiring that they disclose certain personal securities holdings and transactions to the CCO on a periodic basis and that they obtain pre-approval from the CCO for certain personal securities transactions. Supervised persons of ARCM and its affiliates are also required to acknowledge in writing that they have received the Code and that they have complied and will comply with the Code. A copy of the Code is available to any client or prospective client upon request.

ARCM, pursuant to the respective governing documents, is responsible for managing the assets held by each of the CLOs. When recommending any of the securities in which a related party or an affiliate has a material financial interest, ARCM is obligated to solely represent that client's interests. ARCM only engages in transactions with related parties which adhere to its responsibilities pursuant to the Investment Advisory Agreement and Loan Obligation Management Agreements. Any sale of an asset by one of its clients to a party related to ARCM, or purchase by one of its clients of an asset owned by a party related to ARCM, must adhere to the terms and conditions of (i) the applicable agreement which governs the securities held by each such entity and (ii) the respective management or advisory agreement, as applicable. When engaging in such transactions, ARCM ensures that it is adhering to the terms of the respective governing documents. This process may include a certification to the third-party trustee (which is a party to the Indenture) that the transaction in question is in compliance with the terms of the Indenture.

ITEM 12. BROKERAGE PRACTICES

ARCM does not use broker-dealers for client transactions.

ITEM 13. REVIEW OF ACCOUNTS

With respect to the CLOs, ARCM performs monthly and quarterly reviews of clients' accounts with the trustees assigned to those accounts, in order to determine the status of said accounts and to analyze the accounts based on the metrics and parameters set forth in the governing documentation. In addition to monthly and quarterly reviews, there are individual and global reviews performed when a particular action is taken in connection with the client's account (i.e. a trade) to properly assess compliance with in-place eligibility criteria. The final action taken on behalf of the clients and within the clients' accounts is memorialized in appropriate documentation sent to the trustees (i.e. memorandum) such that they can then report such to the investors.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

ARCM does receive or provide economic benefit for client referrals.

ITEM 15. CUSTODY

With respect to each Private Fund for which ARCM or an affiliate of ARCM serves as general partner, ARCM is deemed to have custody of client funds and is subject to the custody requirements applicable to registered investment advisers. Each of these pooled investment vehicle is or will be subject to annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements reconciled with U.S. generally accepted accounting principles will be distributed annually to investors within the prescribed time, ARCM is exempt from the custody rule requirement to deliver account statements to clients by a qualified custodian.

ITEM 16. INVESTMENT DISCRETION

ARCM has discretionary authority to manage securities on behalf of clients. This authority is granted pursuant to, and is subject to the terms, conditions and limitations of, the respective governing documents of the CLOs.

ITEM 17. VOTING CLIENT SECURITIES

ARCM does not accept authority to vote client securities.

ITEM 18. FINANCIAL INFORMATION

ARCM does not require or solicit prepayment of more than \$1,200 in fees per client six months in or more in advance. ARCM is not aware of any financial condition that would be reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19. REQUIREMENT FOR STATE-REGISTERED ADVISERS

ARCM is not a state-registered investment adviser.

ITEM 20. OTHER INFORMATION

There are certain events that could have a material adverse effect on the operations and future prospects of ARCM and its clients, including but not limited to, changes in economic conditions generally, and the real estate market, specifically.