



Arbor – Persona Non Grata

Whistleblowers confirm Fannie Mae is running an investigation into BBG appraised loans parallel to Freddie Mac. These loans were originated and/or underwritten by Arbor.

PLEASE READ IMPORTANT DISCLAIMER – PAGE 4

June 6, 2024 – Viceroy’s unanswered inquiries to Arbor and the sell-side about its commercial ties to BBG & Meridian have been answered thanks to vetted whistleblowers and confirmed by multiple industry sources.

Viceroy understands from whistleblowers that Freddie Mac’s restricted vendor status on appraiser BBG, especially in relation to managing director Jon DiPietra, **also relates to many loans originated/underwritten by Arbor.**

Our sources similarly confirm that Fannie Mae is running a parallel investigation into BBG-appraised loans, also implicating DiPietra, substantially all of which were originated and/or underwritten by Arbor.

Viceroy similarly understands **that Arbor is similarly implicated in Meridian’s Freddie Mac ban**, wherein it was the underwriter for Meridian originated loans. **Arbor’s CEO Ivan Kaufman refused to comment on Arbor’s exposure to Meridian** despite explicit questions from analysts and investors.


We understand that combined value of Arbor’s loans potentially subject to Fannie Mae repurchase demands, make-whole payments, or other loss-sharing agreements is ~\$1.5b.

Viceroy has made FOIA enquiries into Fannie and Freddie to disclose the originators and appraisers in Arbor underwritten servicing loans (we already have the CUSIPs), and will report this when the FOIA returns.

We reiterate our belief that Arbor is a donut. \$0.00.

Our original report, published on November 16, 2023, together with subsequent notes, can be found here:

<https://viceroyresearch.org/arbor-realty-research/>



Freddie Mac MULTIFAMILY CONFIDENTIAL INFORMATION FOR FREDDIE MAC MULTIFAMILY SELLER/SERVICER USE ONLY NOT FOR DISTRIBUTION TO THIRD PARTIES			
Schedule B Vendors Under Review			
Vendor Under Review	Date Added	Associated Company as of Date Added as a Vendor Under Review*	Notes
BBG Real Estate Services (other than any person(s) identified on the Restricted Vendor List)	May 21, 2024	N/A	BBG Real Estate Services ("BBG") is a Vendor Under Review only with respect to appraisals and other valuations. Freddie Mac will not accept appraisals or other valuations from BBG if Seller engaged BBG on or after the date added.

Freddie Mac MULTIFAMILY CONFIDENTIAL INFORMATION FOR FREDDIE MAC MULTIFAMILY SELLER/SERVICER USE ONLY NOT FOR DISTRIBUTION TO THIRD PARTIES			
Schedule A Restricted Vendor List			
Restricted Vendor	Date Added	Associated Company as of Date Added to Restricted Vendor List*	Notes
Jon DiPietra, MAI	May 21, 2024	BBG Real Estate Services	Mr. DiPietra is a Restricted Vendor only with respect to appraisals and other valuations. Freddie Mac will not accept appraisals or other valuations where Mr. DiPietra is involved in any capacity, including as appraiser of record, reviewer, supervisor, client relationship manager, or otherwise.

Figure 1 – Hiten Samtani¹

¹[@hitsamty tweet dated May 21, 2024](#)



BBG Appraiser Ban

On May 24, 2024, The Promote reported that Freddie Mac will no longer accept new loans involving appraisal firm BBG, Inc, as it conducts an internal investigation into mortgage fraud, particularly implicating New York managing director Jon DiPietra.

Freddie Mac places appraiser BBG under review

Agency is rejecting appraisals or valuations involving Jon DiPietra, amid agency’s widening investigation into mortgage fraud

Freddie Mac has temporarily stopped accepting new loans with valuations or appraisals from one of the biggest appraisal firms amid the agency’s widening investigation into mortgage fraud.

Freddie has put Dallas-based BBG under an internal review this week.

The agency also said it will not deal with any appraisals or valuations in which Jon DiPietra, a managing director of BBG’s New York office, was involved in any capacity. DiPietra is on Freddie’s “restricted vendor” list, which is essentially Freddie’s blacklist.

Figure 2 – Freddie Mac places appraiser BBG under review²

Viceroy’s sources disclosed that Fannie Mae is running a parallel investigation into the conduct of BBG, with particular focus on Jon DiPietra. Substantially all of these loans were underwritten and/or originated by Arbor.

We understand that the combined value of Arbor’s loans under investigation in relation to BBG is ~\$800m, and surprisingly, do not count New York in their main geographical make-up.

We note that defrauding either Freddie and Fannie have severe consequences for the originators, underwriters and/or appraisers, however the loss-sharing contingency form Fannie is much more severe. Arbor falls within the latter category.

In the last few quarters, Arbor has moved away from Fannie loans and into Freddie loans, breaking away from a longstanding historical trend. We understand Fannie has significantly increased diligence on deals involving BBG and/or Arbor, and that Arbor’s quality control review process is no longer taken for granted.

	Three Months Ended March 31,	
	2024	2023
<i>Agency Business</i>		
<i>Origination Volumes by Investor:</i>		
Fannie Mae	\$ 458,429	\$ 795,021
Freddie Mac	370,102	101,332
Private Label	15,410	41,107
SFR - Fixed Rate	2,318	5,461
FHA	—	148,940
Total	\$ 846,259	\$ 1,091,861
Total Loan Commitment Volume	\$ 934,243	\$ 1,500,110

Figure 3 – Arbor Q1 2024 10-Q

These reviews may result in loan repurchase demands, make-whole payment demands, or other alternative remedies which are not subject to relief³.

² [The Real Deal - Freddie Mac places appraiser BBG under review](#)

³ [Fannie Mae Selling Guide](#)



Relationship with Meridian

In November 2023, The Real Deal reported that Meridian Capital was banned from working on Freddie deals as Freddie investigated fraudulent loans.

COMMERCIAL NEW YORK

Meridian Capital under investigation by Freddie Mac

Ralph Herzka's brokerage suspended from working on Freddie deals

Tzadik's allegations come to light as Fannie Mae's brother organization, Freddie Mac, halted its dealings with Meridian Capital Group stemming from an investigation into the brokerage. The news sent shockwaves throughout the industry, as Meridian is one of the country's largest commercial mortgage brokerages and Freddie Mac is a huge source of loans for the multifamily industry.

Meridian had a close financing relationship with Arbor Realty along with Capital One and Greystone, according to Commercial Mortgage Alert.

Figure 4 – Meridian Capital under investigation by Freddie Mac⁴

Meridian's claws presumably extend to the vast depths of agency lenders, however it is widely known and reported that Meridian has a close financing relationship with Arbor Realty. Asked whether Arbor could reveal their exposure to Meridian deals at Freddie, Ivan Kaufman (typically) refuses to answer the question.

Crispin Love
Analyst, Piper Sandler & Co. Q

Okay. And then just one last question from me kind of later in the year, there was a bunch of articles about potential fraud and the broker Meridian. Can you size any exposure that you have there to Meridian and any ramifications you would expect from that?

Ivan Kaufman
Founder, Chairman & Chief Executive Officer, Arbor Realty Trust, Inc. A

Yeah. We really can't speak to that. And clearly, what we can speak to is that, the industry is changing and that the protocol interaction for agency lending is being modified dramatically. Brokers were very involved with borrowers, creating source documents and then forwarding it to lenders that obviously resulted in a problem and the agencies are now changing how source documents and the broker roles and disclosures. Quite frankly, we never fully understood, on an agency product why people would go to a broker, pay a fee to get to us when they come directly to us and get the same results. So we think that there's going to be a real benefit in our franchise for borrowers to come directly to us rather than for a broker. And we think that our business is going – the agency business should be a very big beneficiary of that change.

Figure 5 – Arbor 2023 Q4 earnings call

We understand that Arbor are exposed to both Fannie and Freddie investigations relating to Meridian.

A positive ongoing relationship with Fannie and Freddie is key for Arbor's "two bites at the apple" strategy, and we believe that these will provide yet another headwind to Arbor's value-destructive wind-down. Potentially unable to offload its loans to agency lenders, Arbor will be forced to deal with the fallout of its loose lending practices.

⁴ [The Real Deal - Meridian Capital under investigation by Freddie Mac](#)



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Arbor Realty Trust, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

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