

# Arbor - December 2024 CLO Update

75bps of rate cuts has brought the underlying DSCR to an uninspiring 0.6x. There is no rate cut large enough to save Arbor.

## PLEASE READ IMPORTANT DISCLAIMER – PAGE 3

**December 20, 2024** – Arbor’s December surveillance report fully captures 75bps of rate cuts and how these rate cuts have not improved Arbor’s borrowers’ ability to service loans.

December 2024 Update	ARCEN 2021-FL1	ARCEN 2021-FL3	ARCEN 2021-FL4	ARCEN 2022-FL1	ARCEN 2022-FL2	Total
<b>Total # deals/properties</b>	<b>33</b>	<b>47</b>	<b>86</b>	<b>63</b>	<b>40</b>	<b>269</b>
< 1 Month	3	2	-	4	4	13
30 Days	3	-	10	6	-	19
60 Days	-	-	-	1	-	1
90+ Days	1	5	1	4	-	11
Modifications total (#)	25	36	56	47	30	194
Adjustment for double count*	(4)	(6)	(10)	(8)	(2)	(30)
<b>Total delinquent &amp; modified</b>	<b>28</b>	<b>37</b>	<b>57</b>	<b>54</b>	<b>32</b>	<b>208</b>
<b>Total deal balance</b>	<b>469,667,312</b>	<b>990,344,925</b>	<b>1,884,288,170</b>	<b>1,793,735,750</b>	<b>931,774,999</b>	<b>6,069,811,156</b>
< 1 Month	22,600,000	40,900,000	-	171,400,000	86,400,000	321,300,000
30 Days	15,320,215	-	186,917,851	64,209,785	-	266,447,851
60 Days	-	-	-	31,240,000	-	31,240,000
90+ Days	10,514,731	57,700,000	44,000,000	83,464,965	-	195,679,696
Modified	332,892,747	781,181,926	1,370,470,754	1,523,049,000	708,636,530	4,716,230,957
Adjustment for double count*	(33,114,731)	(86,100,000)	(197,917,851)	(278,370,000)	(27,600,000)	(623,102,582)
<b>Total delinquent &amp; modified</b>	<b>348,212,962</b>	<b>793,681,926</b>	<b>1,403,470,754</b>	<b>1,594,993,750</b>	<b>767,436,530</b>	<b>4,907,795,922</b>

\* Double count adjustment for loans both modified and delinquent. This adjustment was not conducted in previous reports.

Figures 1 – December CLO Data – Viceroy Analysis

- Arbor has modified \$4.7b of loans and holds \$814m of delinquent loans.
  - Modified loans represent ~80% of Arbor’s ~\$6b CLO portfolio, and delinquent loans ~15%<sup>1</sup>.
  - The DSCR of modified loans now fully captures 75bps of rate cuts, and only sits slightly above ~0.60x<sup>2</sup>.
  - Borrowers appear to have taken outside debt to service Arbor interest, reflected in substantially higher debt servicing costs than Arbor scheduled interest expenses<sup>3</sup>.
- Although the value of delinquencies has not increased, delinquency length by value has increased showing these loans are not being cured.
- Arbor’s rapidly diminishing Net Interest Spread will not improve with any realistic federal rate cuts.
- A cursory view of interest spreads continues to show that borrowers are paying Arbor in apparent discretionary cash sweeps. No modifications or delinquencies are recorded.

December 2024 Update	ARCEN 2021-FL1	ARCEN 2021-FL3	ARCEN 2021-FL4	ARCEN 2022-FL1	ARCEN 2022-FL2	Mixed	Total
Underlying Revenue	44,165,205	76,126,673	155,903,695	135,235,129	77,439,951	191,275,867	680,146,521
Underlying Expenses	(26,701,477)	(40,255,082)	(80,393,142)	(70,837,917)	(37,417,386)	(102,477,617)	(358,082,620)
Underlying NOI	17,463,728	35,871,591	75,510,553	64,397,213	40,022,565	88,798,250	322,063,901
Debt Service Amount	(31,161,892)	(53,031,327)	(121,262,362)	(108,800,168)	(60,265,278)	(154,939,091)	(529,460,120)
<b>DSCR</b>	<b>0.56</b>	<b>0.68</b>	<b>0.62</b>	<b>0.59</b>	<b>0.66</b>	<b>0.57</b>	<b>0.608</b>

Figures 2 – December CLO Data – Viceroy Analysis

November comparison data can be found in the table below.

<sup>1</sup> A number of modified loans are also delinquent (again).

<sup>2</sup> Adjusted for various loans against the same property. We note that Arbor have serially misreported borrower financials in this regard, we dive into this below.

<sup>3</sup> We are in the process of determining if further liens have been registered against these properties.



We note that our data array appears to have corrupted at some point in pulling this table in our original report, pulling the same data for 2021-FL4, 2022-FL1, 2022-FL2. This has now been corrected, alongside relevant analysis<sup>4</sup>. Total figures (both deal balances and total modification and delinquency amounts) were inflated, however there were no material differences in the correction in terms of relative amounts of modifications, delinquencies, and overlap.

November 2024 Update	ARCEN 2021-FL1	ARCEN 2021-FL3	ARCEN 2021-FL4	ARCEN 2022-FL1	ARCEN 2022-FL2	Total
<b>Total # deals/properties</b>	<b>34</b>	<b>49</b>	<b>90</b>	<b>67</b>	<b>41</b>	<b>281</b>
< 1 Month	-	-	5	6	4	15
30 Days	3	-	7	5	-	15
60 Days	-	5	1	2	-	8
90+ Days	1	-	-	2	-	3
Modifications total (#)	25	39	59	45	29	197
Adjustment for double count*	(1)	(5)	(10)	(6)	-	(22)
<b>Total delinquent &amp; modified</b>	<b>28</b>	<b>39</b>	<b>62</b>	<b>54</b>	<b>33</b>	<b>216</b>
<b>Total deal balance</b>	<b>469,667,312</b>	<b>990,344,925</b>	<b>1,884,288,170</b>	<b>1,793,735,750</b>	<b>931,774,999</b>	<b>6,069,811,156</b>
< 1 Month	-	-	106,865,000	177,475,000	120,700,000	405,040,000
30 Days	15,320,215	-	132,707,851	49,949,785	-	197,977,851
60 Days	-	57,700,000	44,000,000	39,605,000	-	141,305,000
90+ Days	10,514,731	-	-	43,859,965	-	54,374,696
Modified	339,147,097	849,014,051	1,354,120,013	1,504,524,000	678,536,530	4,725,341,691
Adjustment for double count*	(10,514,731)	(57,700,000)	(197,917,851)	(202,920,000)	-	(469,052,582)
<b>Total delinquent &amp; modified</b>	<b>354,467,312</b>	<b>849,014,051</b>	<b>1,439,775,013</b>	<b>1,612,493,750</b>	<b>799,236,530</b>	<b>5,054,986,656</b>
<i>* Double count adjustment for loans both modified and delinquent. This adjustment was not conducted in previous reports.</i>						
Underlying Revenue	46,596,923	73,633,778	158,738,599	135,463,849	77,485,111	491,918,260
Underlying Expenses	(27,642,957)	(39,558,553)	(81,539,973)	(71,211,137)	(37,458,067)	(257,410,688)
Underlying NOI	18,953,965	34,075,225	77,198,625	64,252,711	40,027,044	234,507,571
Debt Service Amount	(33,600,639)	(53,888,460)	(125,853,074)	(112,319,796)	(61,268,359)	(386,930,328)
<b>DSCR</b>	<b>0.56</b>	<b>0.63</b>	<b>0.61</b>	<b>0.57</b>	<b>0.65</b>	<b>0.606</b>

Figures 3 – November CLO Data – Viceroy Analysis

<sup>4</sup> Our report published on December 16, 2024, has also been corrected with an edit note.



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