

Arbor Private Construction (APC)

When you need financing for new construction - with an eye towards long-term ownership - Arbor Private Construction (APC) now offers multifamily investors short-term, floating-rate financing to be matched with Arbor's existing suite of financing products and programs. APC serves as a complement to our existing, industry-leading Single-Family Rental (SFR) and Build-to-Rent (BTR) construction lending program.

APC Basics

Asset Type	Vertical/Garden-Style ground-up Multifamily with Agency-qualifying characteristics
Asset Disqualification	Skilled Nursing, Condo/For-Sale, and/or Tax-Credit Developments
Mixed-Use/Non-Resi Component	To be considered on a deal-by-deal basis subject to the credit and quality of the source of the non-residential revenue, subject to Agency-qualifying parameters
Market Eligibility	Located in Primary Markets and strong Secondary Markets with positive demographic, population, and employment trends
Sponsorship	Established track record of constructing, owning, and managing multifamily assets with appropriate net worth and liquidity commensurate with the Loan's credit profile
Minimum Loan Amount	\$25M
Maximum Loan Amount	\$150M
Expected Completion	No later than 36 months
Security	1st Mortgage lien on the subject property
Exit Underwriting	To Agency-qualifying parameters

Loan Sizing Parameters

Maximum Loan-to-Cost	75.0% (subject to ABR-accepted/approved construction costs)
Minimum U/W Debt Yield*	7.5% (given current market constants)
Minimum U/W DSCR*	1.20x
Maximum U/W LTV*	65.0%

Loan Economics & Term

Benchmark Rate	1 Month CME Term SOFR (subject to benchmark floor)
Spread (per annum)^	4.50%-7.50%
Interest Rate Protection / Rate Cap	Required
Amortization	None, Interest-Only
Commitment Fee	No less than 1.00%
Exit Fee#	No less than 2.00%
Asset Management Fee	\$3,000 per month

Loan Structure

Initial Loan Term	Up to 36 months, subject to the anticipated/proforma completion date
Extension Option(s)	Available, if warranted/applicable based on Loan's credit profile
Reserves & Escrows	Debt Service, RE Taxes & Insurance after receipt of TCO
Recourse/Guarantees	Standard Non-Recourse Carveouts, Completion, Interest & Carry & Environmental Guarantees
Cash Management	In-place 90 days prior to receipt of TCO
Lockout/Prepayment	No sooner than 15 months after closing of the Loan
Subordinate Financing	Mezzanine, Preferred Equity, or C-Pace Financing prohibited
Equity & Loan Funding	Proceeds from Loan to be advanced after required equity has been invested

Asset-Level & Loan Covenants

Minimum Occupancy	12 months after receipt of TCO
Minimum LTV	12 months after receipt of TCO (via 3rd Party reappraisal)

Other/Miscellaneous

Construction Commencement	No later than 90 days after closing of the loan
Construction Loan Initial Funding	No later than 90 days after closing of the loan, with consideration of an unused fee for a longer proforma initial loan funding
% of Cost Buyouts	No less than 70% of construction costs (inclusive of materials) must be bought-out prior to loan funding. The GMP contract shall exclude material escalation clauses, and allowances shall be within industry norms as approved by Lender
Land Cost Basis	To be considered on a deal-by-deal basis
ROFR/ROFO & Exclusivity	ABR to retain ROFO/ROFR on any takeout financing of the subject loan and have exclusivity during the loan underwriting, diligence & closing periods
Ground Lease / Leasehold Interest	Prohibited

* - "As Stabilized"

^ - Variable based on market conditions, deal profile/risk and overall loan terms

- A portion waivable with refinance via an ABR-originated/sponsored loan product