

CORPORATE GOVERNANCE GUIDELINES

OF

ARBOR REALTY TRUST, INC.

**ADOPTED BY THE BOARD OF DIRECTORS OF
ARBOR REALTY TRUST, INC. ON MAY 5, 2004**

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The following Corporate Governance Guidelines (these "Guidelines") have been adopted by the Board of Directors (the "Board") of Arbor Realty Trust, Inc., a Maryland corporation (the "Company"), to assist the Board in the exercise of its duties. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term stockholder value. These Guidelines are not intended to change or interpret any U.S. federal or state law or regulation, including the Maryland General Corporation Law ("MGCL"), the charter or Bylaws of the Company, or to affect any rights or obligations under the Management Agreement, dated as of July 1, 2003, by and among the Company, Arbor Commercial Mortgage, LLC ("ACM") and Arbor Realty Limited Partnership ("ARLP") pursuant to which ACM manages the Company and ARLP. These Guidelines are subject to modification from time to time by the Board.

The formal requirements pertaining to the Company's corporate governance structure can be found in the Company's charter and Bylaws, as amended from time to time. The Company is committed to responsible and responsive corporate governance.

THE BOARD

Role of Directors

The business and affairs of the Company shall be managed under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

The Board's Goals

The Board's goal is to build long-term value for the Company's stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

To achieve these goals, the Board will periodically monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer and other officers of the Company (and the employees of ACM who provide services to the Company) and offer to each officer constructive advice and feedback. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer or any other officer of the Company and to select such officer's successor.

Selection of the Chairman of the Board

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time.

Size of the Board

The Board believes that it should generally have no fewer than five directors. The Board believes that this range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased by a majority of the entire Board at any regular or special meeting called for that purpose if determined to be appropriate, provided that the number of directors is never less than the minimum required under the MGCL nor more than nine (except in the latter case, following an amendment to the Company's Bylaws). For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating/Corporate Governance Committee is responsible for identifying, screening, recruiting, interviewing (as appropriate) and recommending candidates to the Board for Board membership, including persons suggested by stockholders or others. When formulating its Board membership recommendations, the Nominating/Corporate Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

Board Membership Criteria

Nominees for director shall be selected on the basis of, among other things, knowledge, experience, skills, expertise and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Company. The Board may also consider a nominee's ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time and effort to Board responsibilities and when applicable, a nominee's ability to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or listing standard of the New York Stock Exchange ("NYSE").

Other Public Company Directorships

The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit. However, the Nominating/Corporate Governance Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the listing standards of the NYSE.

The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the NYSE or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence. In making its director independence determinations, the Board should consider, among other things, any commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships of the Company's directors.

Directors Who Change Their Present Job Responsibility

The Board does not believe that directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Promptly following such event, the director must notify the Nominating/Corporate Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Nominating/Corporate Governance Committee's recommendation following such review.

Retirement Age

It is the general policy of the Company that no director having attained the age of 72 years shall be nominated for re-election or reappointment to the Board. However, the Board may determine to waive this policy in individual cases.

Director Tenure

In connection with each director nomination recommendation, the Nominating/Corporate Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's renomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Nominating/Corporate Governance Committee in connection with each director nomination recommendation.

It is the general policy of the Board that non-employee directors shall serve for a maximum of nine years. However, the Board may determine to waive this policy in individual cases.

Board Compensation

A director who is also an employee of the Company shall not receive additional compensation for such service as a director.

The Company believes that compensation for non-employee directors should be competitive. The Compensation Committee will annually review the level and form of the Company's director compensation, including direct and indirect compensation and how such compensation relates to director compensation of companies of comparable size, industry and complexity, and will propose any changes to director compensation to the full Board for consideration.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company; provided, however, that such compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).

Separate Sessions of Non-Management Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis. A non-management director designated by the non-management directors on the Board (the "Lead Non-Management Director") shall preside at such executive sessions, or in such director's absence, another non-management director designated by the Lead Non-Management Director shall preside at such executive sessions. The individual who serves as the Lead Non-Management Director at these executive sessions shall rotate each year among the chairs (if such chair is not a member of management) of the independent committees of the Board.

Any interested parties desiring to communicate with the Lead Non-Management Director and the other non-management directors regarding the Company may directly contact such directors by delivering such correspondence in care of the Company's Secretary at Arbor Realty Trust, Inc., 333 Earle Ovington Boulevard, Suite 900, Uniondale, New York 11553.

Self-Evaluation by the Board

The Nominating/Corporate Governance Committee will sponsor an annual self-assessment of the Board's performance, the results of which will be discussed with the full Board. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Nominating/Corporate Governance Committee should utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

Strategic Direction of the Company

Normally it is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

Board Access to Management

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the Chairman of the Board, and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board that involve the manager, (ii) make presentations to the Board on matters that involve the manager, and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Financial Officer of the Company or his or her designee.

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic

plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD MEETINGS

Frequency of Meetings

At least one regularly scheduled meeting of the Board shall be held quarterly.

Selection of Agenda Items for Board Meetings

The Chairman of the Board, in consultation with the General Counsel, should prepare an agenda for each meeting of the Board. Upon completion, a copy of the agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have four standing committees: Audit, Nominating/Corporate Governance, Compensation and Independent Director. The purpose and responsibilities for at least the Audit, Nominating/Corporate Governance and Compensation committees shall be outlined in committee charters adopted by the Board. The Board may, from time to time, form a new committee or disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees, to serve at the pleasure of the Board.

Independence of Board Committees

Each of the Audit Committee, the Nominating/Corporate Governance Committee, the Compensation Committee and the Independent Director Committee shall be composed of Independent Directors that satisfy applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members

The Nominating/Corporate Governance Committee shall be responsible, after consultation with the Chairman of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nominating/Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the chairperson and members to the committees on an annual basis.

The Nominating/Corporate Governance Committee shall annually review the committee assignments and shall consider the rotation of the Chairman and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. With regard to the chairperson of the Nominating/Corporate Governance Committee, such position shall rotate at least once every three years.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity and reputation in the business community.

Evaluation of the Chief Executive Officer

The Compensation Committee of the Board shall evaluate the performance of the Company's Chief Executive Officer on an annual basis in accordance with the charter of such committee.

Succession Planning

The Board shall plan for the succession to the position of the Chief Executive Officer. At least annually, the Board will review succession plans for the Chief Executive Officer and the other senior executive officers. Succession planning will address both succession in the ordinary course of business and contingency planning in case of unexpected events.

Management Development

The Board shall determine that a satisfactory system is in effect for education, development and orderly succession of senior and mid-level managers throughout the Company.