UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2019

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ____________

Commission File Number 001-32216

NEW YORK MORTGAGE TRUST, INC.
(Exact name of registrant as specified in its charter)

Maryland	**47-0934168**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

90 Park Avenue, New York, NY 10016
(Address of principal executive office) (Zip Code)
(212) 792-0107
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbols	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	NYMT	NASDAQ Stock Market
7.75% Series B Cumulative Redeemable Preferred Stock, par value $0.01 per share, $25.00 Liquidation Preference	NYMTP	NASDAQ Stock Market
7.875% Series C Cumulative Redeemable Preferred Stock, par value $0.01 per share, $25.00 Liquidation Preference	NYMTO	NASDAQ Stock Market
8.000% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value $0.01 per share, $25.00 Liquidation Preference	NYMTN	NASDAQ Stock Market
7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value $0.01 per share, $25.00 Liquidation Preference	NYMTM	NASDAQ Stock Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (check one):

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company☐ Emerging Growth Company☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2019 (the last day of the registrant’s most recently completed second fiscal quarter) was $1,298,259,627 based on the closing sale price on the NASDAQ Global Select Market on June 28, 2019.

The number of shares of the registrant’s common stock, par value $.01 per share, outstanding on February 27, 2020 was 377,468,145.

DOCUMENTS INCORPORATED BY REFERENCE

Document	**Where Incorporated**
	Part III, Items 10-14
1. Portions of the Registrant's Definitive Proxy Statement relating to its 2020 Annual Meeting of Stockholders scheduled for June 2020 to be filed with the Securities and Exchange Commission by no later than April 30, 2020.	

NEW YORK MORTGAGE TRUST, INC.

FORM 10-K

For the Fiscal Year Ended December 31, 2019

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PART I

Item 1. *BUSINESS*

Certain Defined Terms

In this Annual Report on Form 10-K we refer to New York Mortgage Trust, Inc., together with its consolidated subsidiaries, as “we,” “us,” “Company,” or “our,” unless we specifically state otherwise or the context indicates otherwise, and refer to our wholly-owned taxable REIT subsidiaries as “TRSs” and our wholly-owned qualified REIT subsidiaries as “QRSs.” In addition, the following defines certain of the commonly used terms in this report:

- “ABS” refers to debt and/or equity tranches of securitizations backed by various asset classes including, but not limited to, automobiles, aircraft, credit cards, equipment, franchises, recreational vehicles and student loans;
- “Agency ARMs” refers to Agency RMBS comprised of adjustable-rate and hybrid adjustable-rate RMBS;
- “Agency CMBS” refers to CMBS representing interests in or obligations backed by pools of multi-family mortgage loans guaranteed by a government sponsored enterprise (“GSE”), such as the Federal National Mortgage Association (“Fannie Mae”) or the Federal Home Loan Mortgage Corporation (“Freddie Mac”), or an agency of the U.S. government, such as the Government National Mortgage Association (“Ginnie Mae”);
- “Agency fixed-rate” refers to Agency RMBS comprised of fixed-rate RMBS;
- “Agency IOs” refers to Agency RMBS comprised of IO RMBS;
- “Agency RMBS” refers to RMBS representing interests in or obligations backed by pools of mortgage loans guaranteed by Fannie Mae or Freddie Mac, or an agency of the U.S. government, such as Ginnie Mae;
- “ARMs” refers to adjustable-rate residential mortgage loans;
- “CDO” refers to collateralized debt obligation;
- “CMBS” refers to commercial mortgage-backed securities comprised of commercial mortgage pass-through securities, as well as PO, IO, senior or mezzanine securities that represent the right to a specific component of the cash flow from a pool of commercial mortgage loans;
- “Consolidated K-Series” refers to Freddie Mac-sponsored multi-family loan K-Series securitizations, of which we, or one of our “special purpose entities,” or “SPEs,” own the first loss POs and certain IOs and certain senior or mezzanine securities that we consolidate in our financial statements in accordance with GAAP;
- “Consolidated SLST” refers to a Freddie Mac-sponsored residential mortgage loan securitization, comprised of seasoned re-performing and non-performing residential mortgage loans, of which we own the first loss subordinated securities and certain IOs and senior securities that we consolidate in our financial statements in accordance with GAAP;
- “Consolidated VIEs” refers to VIEs where the Company is the primary beneficiary, as it has both the power to direct the activities that most significantly impact the economic performance of the VIE and a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE and that we consolidate in our financial statements in accordance with GAAP;
- “distressed residential mortgage loans” refers to pools of seasoned re-performing, non-performing and other delinquent mortgage loans secured by first liens on one- to four-family properties;
- “excess mortgage servicing spread” refers to the difference between the contractual servicing fee with Fannie Mae, Freddie Mac or Ginnie Mae and the base servicing fee that is retained as compensation for servicing or subservicing the related mortgage loans pursuant to the applicable servicing contract;
- “GAAP” refers to generally accepted accounting principles within the United States;

- “IOs” refers collectively to interest only and inverse interest only mortgage-backed securities that represent the right to the interest component of the cash flow from a pool of mortgage loans;

- “IO RMBS” refers to RMBS comprised of IOs;

- “Multi-family CDOs” refers to the debt that permanently finances the multi-family mortgage loans held by the Consolidated K-Series that we consolidate in our financial statements in accordance with GAAP;

- “multi-family CMBS” refers to CMBS backed by commercial mortgage loans on multi-family properties;

- “non-Agency RMBS” refers to RMBS that are not guaranteed by any agency of the U.S. Government or GSE;

- “non-QM loans” refers to residential mortgage loans that are not deemed “qualified mortgage,” or “QM,” loans under the rules of the Consumer Financial Protection Bureau (“CFPB”);

- “POs” refers to mortgage-backed securities that represent the right to the principal component of the cash flow from a pool of mortgage loans;

- “prime ARM loans” and “residential securitized loans” each refer to prime credit quality residential ARM loans held in our securitization trusts;

- “residential bridge loans” refers to short-term business purpose loans collateralized by residential properties made to investors who intend to rehabilitate and sell the residential property for a profit;

- “Residential CDOs” refers to the debt that permanently finances our residential mortgage loans held in securitization trusts, net that we consolidate in our financial statements in accordance with GAAP;

- “RMBS” refers to residential mortgage-backed securities comprised of adjustable-rate, hybrid adjustable-rate, fixed-rate, interest only and inverse interest only, and principal only securities;

- “second mortgages” refers to liens on residential properties that are subordinate to more senior mortgages or loans;

- “SLST CDOs” refers to the debt that permanently finances the residential mortgage loans held in Consolidated SLST that we consolidate in our financial statements in accordance with GAAP; and

- “Variable Interest Entity” or “VIE” refers to an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

General

We are a real estate investment trust (“REIT”) for U.S. federal income tax purposes, in the business of acquiring, investing in, financing and managing mortgage-related and residential housing-related assets. Our objective is to deliver long-term stable distributions to our stockholders over changing economic conditions through a combination of net interest margin and capital gains from a diversified investment portfolio. Our investment portfolio includes credit assets, including investments sourced from distressed markets that create the potential for capital gains, as well as more traditional types of fixed-income investments that provide coupon income and we believe provide downside protection.

Our investment portfolio includes (i) multi-family credit assets, such as multi-family CMBS (excluding Agency CMBS) and preferred equity in, and mezzanine loans to, owners of multi-family properties, (ii) single-family credit assets, such as residential mortgage loans, including distressed residential mortgage loans, non-QM loans, second mortgages, residential bridge loans and other residential mortgage loans, and non-Agency RMBS, (iii) Agency securities such as Agency RMBS and Agency CMBS and (iv) certain other mortgage-, residential housing- and credit-related assets. Subject to maintaining our qualification as a REIT and the maintenance of our exclusion from registration as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”), we also may opportunistically acquire and manage various other types of mortgage-, residential housing- and other credit-related assets that we believe will compensate us appropriately for the risks associated with them, including, without limitation, collateralized mortgage obligations, mortgage servicing rights, excess mortgage servicing spreads and securities issued by newly originated securitizations, including credit sensitive securities from these securitizations.

Over the course of the last four years, we have sought to internalize the investment management of our various investment portfolios. In May 2016, we acquired our external manager for our structured multi-family property investments. In 2019, we completed the internalization of the management of our distressed residential loan strategy that expands our capabilities in self managing, sourcing and creating single-family credit assets. We believe that internalization of all our credit investing functions, including both multi-family and single-family credit investments, will strengthen our ability to identify and secure future attractive investment opportunities.

We seek to achieve a balanced and diverse funding mix to finance our assets and operations. We currently rely primarily on a combination of short-term borrowings, such as repurchase agreements with terms typically of 30-90 days, longer term repurchase agreement borrowing with terms between one year and 24 months and longer term financings, such as securitizations and convertible notes, with terms longer than one year.

We have elected to be taxed as a REIT for U.S. federal income tax purposes and have complied, and intend to continue to comply, with the provisions of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), with respect thereto. Accordingly, we do not expect to be subject to federal income tax on our REIT taxable income that we currently distribute to our stockholders if certain asset, income, distribution and ownership tests and record keeping requirements are fulfilled. Even if we maintain our qualification as a REIT, we expect to be subject to some federal, state and local taxes on our income generated in our TRSs.

The financial information requirements required under this Item 1 may be found in our consolidated financial statements beginning on page F-1 of this Annual Report on Form 10-K.

Our Investment Strategy

Our strategy is to construct a portfolio of mortgage-related and residential housing-related assets that include elements of credit risk and interest rate risk. We have sought in recent years, and intend in the future to continue, to focus on expanding our portfolio of “single-family and multi-family credit” assets, which we believe benefit from improving credit metrics. We define credit assets as (i) structured multi-family property investments, (ii) residential mortgage loans, including distressed residential mortgage loans, non-QM loans, second mortgages, residential bridge loans and other residential mortgage loans, (iii) non-Agency RMBS and (iv) other mortgage-, residential housing- and credit-related assets that contain credit risk. In pursuing credit assets, we target assets that we believe will provide an attractive total rate of return, as compared to assets that strictly provide net interest margin. We also own and manage a portfolio of Agency securities primarily comprised of Agency fixed-rate RMBS and Agency ARMs, and Agency CMBS, and we may pursue opportunistic acquisitions of other types of assets that meet our investment criteria.

Prior to deploying capital to any of the assets we target or determining to dispose of any of our investments, our management team will consider, among other things, the availability of suitable investments, the amount and nature of anticipated cash flows from the asset, our ability to finance or borrow against the asset and the terms of such financing, the related capital requirements, the credit risk, prepayment risk, hedging risk, interest rate risk, fair value risk and/or liquidity risk related to the asset or the underlying collateral, the composition of our investment portfolio, REIT qualification, the maintenance of our exclusion from registration as an investment company under the Investment Company Act and other regulatory requirements and future general market conditions. In periods where we have working capital in excess of our short-term liquidity needs, we may invest the excess in more liquid assets until such time as we are able to re-invest that capital in assets that meet our underwriting and return requirements. Consistent with our strategy to produce returns through a combination of net interest margin and capital gains, we will seek, from time to time, to sell certain assets within our portfolio when we believe the combination of realized gains on an asset and reinvestment potential for the related sale proceeds are consistent with our long-term return objectives.

Our investment strategy does not, subject to our continued compliance with applicable REIT tax requirements and the maintenance of our exclusion from registration as an investment company under the Investment Company Act, limit the amount of our capital that may be invested in any of these investments or in any particular class or type of assets. Thus, our future investments may include asset types different from the targeted or other assets described in this Annual Report on Form 10-K. Our investment and capital allocation decisions depend on prevailing market conditions, among other factors, and may change over time in response to opportunities available in different economic and capital market environments. As a result, we cannot predict the percentage of our capital that will be invested in any particular investment at any given time.

For more information regarding our portfolio as of December 31, 2019, see Item 7 - “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below.

Investments in Credit Assets

Our portfolio of credit assets is substantially comprised of investments in two asset categories: multi-family credit investments and single-family credit investments.

Multi-Family Credit Investments

We seek to position our multi-family credit investment platform in the marketplace as a real estate investor focused on debt and equity transactions. We do not seek to be the sole owner or day-to-day manager of properties. Rather, we intend to participate at various levels within the capital structure of the properties, typically (i) as a "capital partner" by lending to or co-investing alongside a project-level sponsor that has already identified an attractive investment opportunity, or (ii) through a subordinated security of a multi-family loan securitization. Our multi-family property investments are not limited to any particular geographic area in the United States. In general terms, we expect that our multi-family credit investments will principally be in the form of multi-family CMBS (excluding Agency CMBS) as well as preferred equity investments in, and mezzanine loans to, owners of multi-family apartment properties.

With respect to our preferred equity and mezzanine loan investments where we participate as a capital partner, we generally pursue multi-family properties with unique or compelling attributes that provide an opportunity for value creation and increased returns through the combination of better management or capital improvements that will lead to net cash flow growth and capital gains. Generally, we target investments in multi-family properties that are or have been:

- located in a particularly dynamic submarket with strong prospects for rental growth;
- located in smaller markets that are underserved and more attractively priced;
- poorly managed by the previous owner, creating an opportunity for overall net income growth through better management practices;
- undercapitalized and may benefit from an investment in physical improvements; or
- highly stable and are suitably positioned to support high-yield preferred equity or mezzanine debt within their capital structure.

As a capital partner, we generally seek experienced property-level operators or real estate entrepreneurs who have the ability to identify and manage strong investment opportunities. We require our operating partners to maintain a material investment in every multi-family property in which we make a preferred equity investment or provide mezzanine financing.

Multi-Family CMBS. Our portfolio of multi-family CMBS (excluding Agency CMBS) is comprised of (i) first loss PO securities issued by certain multi-family loan K-series securitizations sponsored by Freddie Mac and (ii) certain IOs and/or mezzanine securities issued by these securitizations. Our investments in these privately placed first loss POs generally represent 7.5% of the overall securitization which typically initially totals approximately $1.0 billion in multi-family residential loans consisting of 45 to 100 individual properties diversified across a wide geographic footprint in the United States. Our first loss POs are typically backed by fixed-rate balloon non-recourse mortgage loans that provide for the payment of principal at maturity date, which is ten to fifteen years from the date the underlying mortgage loans are originated. Moreover, each first loss PO of multi-family CMBS in our portfolio is the most junior of securities issued by the securitization, meaning it will absorb all losses in the securitization prior to other more senior securities being exposed to loss. As a result, each of the first loss PO in our portfolio has been purchased, upon completion of a credit analysis and due diligence, at a sizable discount to its then-current par value, which we believe provides us with adequate protection against projected losses. In addition, as the owner of the first loss PO, the Company has the right to participate in the workout of any distressed property in the securitization. We believe this right provides the Company with an opportunity to mitigate or reduce any possible loss associated with the distressed property. The IOs that we own represent a strip off the entire securitization allowing the Company to receive cashflows over the life of the multi-family loans backing the securitization. These investments range from 10 to 17 basis points and the underlying notional amount approximates $1.0 billion each. We also invest in the mezzanine tranche of multi-family CMBS that sit below the more senior CMBS in terms of priority. Our investment in these mezzanine securities may involve the use of some form of leverage in order to generate attractive risk-adjusted returns on these securities. With respect to the multi-family CMBS owned by us, all of the loans that back the respective securitizations have been generally underwritten in accordance with Freddie Mac underwriting guidelines and standards; however, the multi-family CMBS we own, excluding Agency CMBS, are not guaranteed by Freddie Mac.

Preferred Equity. We currently own, and expect to originate in the future, preferred equity investments in entities that directly or indirectly own multi-family properties. Preferred equity is not secured, but holders have priority relative to the common equity on cash flow distributions and proceeds from capital events. In addition, as a preferred holder we may seek to enhance our position and protect our equity position with covenants that limit the entity's activities and grant to the preferred holders the right to control the property upon default under relevant loan agreements or under the terms of our preferred equity investments. Occasionally, the first-mortgage loan on a property prohibits additional liens and a preferred equity structure provides an attractive financing alternative. With preferred equity investments, we may become a special limited partner or member in the ownership entity and may be entitled to take certain actions, or cause a liquidation, upon a default. Under the typical arrangement, the preferred equity investor receives a stated return, and the common equity investor receives all cash flow only after that return has been met. Preferred equity typically has loan-to-value ratios of 70% to 90% when combined with the first-mortgage loan amount. We expect our preferred equity investments will have mandatory redemption dates that will generally be coterminous with the maturity date for the first-mortgage loan on the property, and we expect to hold these investments until the mandatory redemption date.

Mezzanine Loans. We currently own, and anticipate making in the future, mezzanine loans that are senior to the operating partner's equity in, and subordinate to a first-mortgage loan on, a multi-family property. These loans are secured by pledges of ownership interests, in whole or in part, in entities that directly or indirectly own the real property. In addition, we may require other collateral to secure mezzanine loans, including letters of credit, personal guarantees or collateral unrelated to the property.

We may structure our mezzanine loans so that we receive a fixed or variable interest rate on the loan. Our mezzanine loans may also have prepayment lockouts, prepayment penalties, minimum profit hurdles or other mechanisms to protect and enhance returns in the event of premature repayment. We expect these investments will typically have terms from three to ten years. Mezzanine loans typically have loan-to-value ratios between 70% and 90% when combined with the first-mortgage loan amount.

Joint Venture Equity. We own joint venture investments in entities that own multi-family properties. Joint venture equity is a direct common equity ownership interest in an entity that owns a property. In this type of investment, the return of capital to us is variable and is made on a *pari passu* basis between us and the other operating partners. In most cases, we have provided between 77% and 90% of the total equity capital for the joint venture, with our operating partner providing the balance of the equity capital.

Other. We may also acquire investments that are structured with terms that reflect a combination of the investment structures described above. We also may invest, from time to time, based on market conditions, in other multi-family investments, structured investments in other property categories, equity and debt securities issued by entities that invest in residential and commercial real estate or in other mortgage- and real estate- related assets that enable us to qualify or maintain our qualification as a REIT or otherwise.

Single-Family Credit Investments

We first began acquiring distressed residential mortgage loans in 2010 from select mortgage loan originators and secondary market institutions. We generally seek to acquire pools of single-family residential mortgage loans from select mortgage loan originators and secondary market institutions and contract with originators to acquire second mortgage loans they originate that meet our purchase criteria. We do not directly service the mortgage loans we acquire, and instead contract with fully licensed third-party subservicers to handle substantially all servicing functions.

Distressed Residential Mortgage Loans. The distressed residential mortgage loans consist of seasoned re-performing, non-performing and other delinquent mortgage loans secured by first liens on one- to four-family properties. The loans were purchased at a discount to the aggregate principal amount outstanding, which we believe provides us with downside protection while we work to rehabilitate these loans to performing status.

Performing Residential Mortgage Loans. The performing residential mortgage loans consist of GSE-eligible mortgage loans, non-QM mortgage loans that predominantly meet our underwriting guidelines, loans originally underwritten to GSE or another program's guidelines but are either undeliverable to the GSE or ineligible for a program due to certain underwriting or compliance errors, and investor loans generally underwritten to our program guidelines.

Residential Bridge Loans. We acquire short-term business purpose loans collateralized by residential properties made to investors who intend to rehabilitate and sell the property for a profit.

Second Mortgages. We purchase second mortgages that have equity in excess of the balance on the combined first and second lien mortgage owed and predominantly meet our underwriting guidelines. This program provided us with attractive risk-adjusted returns by targeting higher credit-quality borrowers that were underserved by large financial institutions.

Investments in Non-Agency RMBS. Our non-Agency RMBS are collateralized by residential credit assets. The non-Agency RMBS in our investment portfolio may consist of the senior, mezzanine or subordinated tranches in the securitizations. The underlying collateral of these securitizations are predominantly residential credit assets, which may be exposed to various macroeconomic and asset-specific credit risks. These securities have varying levels of credit enhancement which provides some structural protection from losses within the portfolio. We undertake an in-depth assessment of the underlying collateral and securitization structure when investing in these assets, which may include modeling defaults, prepayments and loss across different scenarios. We believe that non-Agency RMBS provide attractive returns given our assessment of the interest rate and credit risk associated with these securities.

Investments in Agency Securities

Our leveraged Agency RMBS portfolio consists of Agency fixed-rate RMBS and Agency ARMs, the principal and interest of which are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. Our current portfolio of Agency fixed-rate RMBS are primarily backed by 15-year and 30-year residential fixed rate mortgage loans. Our current portfolio of Agency ARMs has interest reset periods ranging from 1 month to 33 months. In managing our portfolio of Agency RMBS, we expect to employ leverage through the use of repurchase agreements to generate risk adjusted returns, subject to general and capital market conditions among other factors.

We also invest in Agency CMBS. Our current portfolio of Agency CMBS is primarily comprised of senior securities issued by certain multi-family loan K-series securitizations sponsored and guaranteed by Freddie Mac.

The Company’s relative allocation to Agency Securities declined over the years as the opportunity became less compelling relative to other strategies of focus. Today, the Company primarily uses Agency Securities as an incubator to redeploy capital into credit assets. New investment allocation is currently focused on Agency CMBS, as the Company is protected against negative convexity risk.

Our Financing Strategy

We strive to maintain and achieve a balanced and diverse funding mix to finance our assets and operations. To achieve this, we rely primarily on a combination of short-term and longer-term repurchase agreement borrowings and structured financings, including securitized debt, CDOs, long-term subordinated debt, and convertible notes. The Company's policy for leverage is based on the type of asset, underlying collateral and overall market conditions, with the intent of obtaining more permanent, longer-term financing for our more illiquid assets. Currently, we target maximum leverage ratios for each eligible investment, callable or short-term financings of 8 to 1, in the case of our liquid assets such as our Agency RMBS, and 2 to 1 in the case of our more illiquid assets, such as our first loss PO securities. Based on our current portfolio composition, our target total debt leverage ratio is approximately between 2 to 2.5 times. This target may be adjusted depending on the composition of our overall portfolio.

As of December 31, 2019, our total debt leverage ratio, which represents our total debt divided by our total stockholders' equity, was approximately 1.5 to 1. Our total debt leverage ratio does not include debt associated with the Multi-family CDOs, SLST CDOs, Residential CDOs or other non-recourse debt, for which we have no obligation. Our portfolio leverage ratio, which represents our repurchase agreement borrowings divided by our total stockholders' equity, was approximately 1.4 to 1 as of December 31, 2019. We monitor all at risk or short-term borrowings to ensure that we have adequate liquidity to satisfy margin calls and liquidity covenant requirements.

We primarily rely on repurchase agreements to fund the securities we own. We also have repurchase agreements with third party financial institutions to fund the purchase of distressed and other residential mortgage loans, including both first and second mortgages. These repurchase agreements provide us with borrowings, which have terms ranging from 30 days to 12 months, that bear interest rates that are linked to the London Interbank Offered Rate (“LIBOR”), a short-term market interest rate used to determine short term loan rates. Pursuant to these repurchase agreements, the financial institution that serves as a counterparty will generally agree to provide us with financing based on the market value of the securities that we pledge as collateral, less a “haircut.” The market value of the collateral represents the price of such collateral obtained from generally recognized sources or most recent closing bid quotation from such source plus accrued income. Our repurchase agreements may require us to deposit additional collateral pursuant to a margin call if the market value of our pledged collateral declines as a result of market conditions or due to principal repayments on the mortgages underlying our pledged securities. Interest rates and haircuts will depend on the underlying collateral pledged.

With respect to our investments in credit assets that are not financed by short-term repurchase agreements, we finance our investment in these assets through longer-term borrowings and working capital. Our financings may include longer-term structured debt financing, such as longer-term repurchase agreement financing with terms of up to 24 months and securitized debt where the assets we intend to finance are contributed to an SPE and serve as collateral for the financing. We issue securitized debt for the primary purpose of obtaining longer-term non-recourse financing on these assets.

Pursuant to the terms of any longer-term debt financings we utilize, our ability to access the cash flows generated by the assets serving as collateral for these borrowings may be significantly limited and we may be unable to sell or otherwise transfer or dispose of or modify such assets until the financing has matured. As part of our longer-term master repurchase agreements that finance certain of our credit assets, we have provided a guarantee with respect to certain terms of some of these longer-term borrowings incurred by certain of our subsidiaries and we may provide similar guarantees in connection with future financings. The Company had no securitized debt outstanding as of December 31, 2019.

For more information regarding our outstanding borrowings and debt instruments at December 31, 2019, see Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" below.

Our Hedging Strategy

The Company enters into derivative instruments in connection with its risk management activities. These derivative instruments may include interest rate swaps, swaptions, interest rate caps, futures, options on futures and mortgage derivatives such as forward-settling purchases and sales of Agency RMBS where the underlying pools of mortgage loans are "To-Be-Announced," or TBAs.

We use interest rate swaps to hedge any variable cash flows associated with our borrowings. We typically pay a fixed rate and receive a floating rate based on one or three month LIBOR, on the notional amount of the interest rate swaps. The floating rate we receive under our swap agreements has the effect of offsetting the repricing characteristics and cash flows of our financing arrangements.

We may use TBAs, swaptions, futures and options on futures to hedge market value risk for certain of our strategies. We have utilized TBAs as part of our Agency investment strategy to enhance the overall yield of the portfolio. In a TBA transaction, we would agree to purchase or sell, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered is not identified until shortly before the TBA settlement date. The Company typically does not take delivery of TBAs, but rather settles with its trading counterparties on a net basis prior to the forward settlement date. Although TBAs are liquid and have quoted market prices and represent the most actively traded class of RMBS, the use of TBAs exposes us to increased market value risk.

In connection with our hedging strategy, we utilize a model based risk analysis system to assist in projecting portfolio performances over a variety of different interest rates and market scenarios, such as shifts in interest rates, changes in prepayments and other factors impacting the valuations of our assets and liabilities. However, given the uncertainties related to prepayment rates, it is not possible to perfectly lock-in a spread between the earnings asset yield and the related cost of borrowings. Nonetheless, through active management and the use of evaluative stress scenarios, we believe that we can mitigate a significant amount of both value and earnings volatility.

Competition

Our success depends, in large part, on our ability to acquire assets at favorable spreads over our borrowing costs. When we invest in mortgage-backed securities, mortgage loans and other investment assets, we compete with other REITs, investment banking firms, savings and loan associations, insurance companies, mutual funds, hedge funds, pension funds, banks and other financial institutions and other entities that invest in the same types of assets.

Corporate Offices and Personnel

We were formed as a Maryland corporation in 2003. Our corporate headquarters are located at 90 Park Avenue, Floor 23, New York, New York, 10016 and our telephone number is (212) 792-0107. We also maintain offices in Charlotte, North Carolina and Woodland Hills, California. As of December 31, 2019, we employed 55 full-time employees.

Access to our Periodic SEC Reports and Other Corporate Information

Our internet website address is www.nymtrust.com. We make available free of charge, through our internet website, our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments thereto that we file or furnish pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We have adopted a Code of Business Conduct and Ethics that applies to our executive officers, including our principal executive officer, principal financial officer, principal accounting officer and to our other employees. We have also adopted a Code of Ethics for senior financial officers, including the principal financial officer. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of either of these Code of Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer and other persons performing similar functions by posting such information on our website at www.nymtrust.com, “Corporate Governance”. Our Corporate Governance Guidelines and Code of Business Conduct and Ethics and the charters of our Audit, Compensation and Nominating and Corporate Governance Committees are available on our website and are available in print to any stockholder upon request in writing to New York Mortgage Trust, Inc., c/o Secretary, 90 Park Avenue, Floor 23, New York, New York, 10016. Information on our website is neither part of, nor incorporated into, this Annual Report on Form 10-K.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

When used in this Annual Report on Form 10-K, in future filings with the SEC or in press releases or other written or oral communications issued or made by us, statements which are not historical in nature, including those containing words such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "would," "could," "goal," "objective," "will," "may" or similar expressions, are intended to identify "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, and, as amended, or Exchange Act and, as such, may involve known and unknown risks, uncertainties and assumptions.

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. The following factors are examples of those that could cause actual results to vary from our forward-looking statements: changes in interest rates and the market value of our assets, changes in credit spreads, changes in the long-term credit ratings of the U.S., Fannie Mae, Freddie Mac, or Ginnie Mae; market volatility; changes in the prepayment rates on the loans we own or that underlie our investment securities; increased rates of default and/or decreased recovery rates on our assets; our ability to identify and acquire our targeted assets; our ability to borrow to finance our assets and the terms thereof; changes in governmental laws, regulations, or policies affecting our business; our ability to maintain our qualification as a REIT for federal tax purposes; our ability to maintain our exemption from registration under the Investment Company Act; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. These and other risks, uncertainties and factors, including the risk factors described in Part I, Item 1A – "Risk Factors" elsewhere in this Annual Report on Form 10-K, as updated by those risks described in our subsequent filings under the Exchange Act, could cause our actual results to differ materially from those projected in any forward-looking statements we make. All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 1A. *RISK FACTORS*

Set forth below are the risks that we believe are material to stockholders and prospective investors. You should carefully consider the following risk factors and the various other factors identified in or incorporated by reference into any other documents filed by us with the SEC in evaluating our company and our business. The risks discussed herein can materially adversely affect our business, liquidity, operating results, prospects, financial condition and ability to make distributions to our stockholders, and may cause the market price of our securities to decline. The risk factors described below are not the only risks that may affect us. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, also may materially adversely affect our business, liquidity, operating results, prospects and financial condition.

Risks Related to Our Business

Declines in the market values of assets in our investment portfolio may adversely affect periodic reported results and credit availability, which may reduce earnings and, in turn, cash available for distribution to our stockholders.

The market value of our investment portfolio may move inversely with changes in interest rates. We anticipate that increases in interest rates will generally tend to decrease our net income and the market value of our investment portfolio. A significant percentage of the securities within our investment portfolio are classified for accounting purposes as “available for sale.” Changes in the market values of investment securities available for sale where the Company elected the fair value option and residential mortgage loans at fair value will be reflected in earnings and changes in the market values of investment securities available for sale where the Company did not elect fair value option will be reflected in stockholders’ equity. As a result, a decline in market values of assets in our investment portfolio may reduce the book value of our assets. Moreover, if the decline in market value of an available for sale security is other than temporary, such decline will reduce earnings.

A decline in the market value of our interest-bearing assets may adversely affect us, particularly in instances where we have borrowed money based on the market value of those assets. If the market value of those assets declines, the lender may require us to post additional collateral to support the loan, which would reduce our liquidity and limit our ability to leverage our assets. In addition, if we are, or anticipate being, unable to post the additional collateral, we may have to sell the assets at a time when we might not otherwise choose to do so. In the event that we do not have sufficient liquidity to meet such requirements, lending institutions may accelerate indebtedness, increase interest rates and terminate our ability to borrow, any of which could result in a rapid deterioration of our financial condition and cash available for distribution to our stockholders. Moreover, if we liquidate the assets at prices lower than the amortized cost of such assets, we will incur losses.

The market values of our investments may also decline without any general increase in interest rates for a number of reasons, such as increases in defaults, actual or perceived increases in voluntary prepayments for those investments that we have that are subject to prepayment risk, a reduction in the liquidity of the assets and markets generally and widening of credit spreads, adverse legislation or regulatory developments and adverse global, national, regional and local geopolitical conditions and developments including those relating to pandemics and other health crises and natural disasters, such as the recent outbreak of novel coronavirus (COVID-19). If the market values of our investments were to decline for any reason, the value of your investment could also decline.

Our efforts to manage credit risks may fail.

As of December 31, 2019, approximately 79.7% of our total investment portfolio was comprised of what we refer to as "credit assets." Despite our efforts to manage credit risk, there are many aspects of credit risk that we cannot control. Our credit policies and procedures may not be successful in limiting future delinquencies, defaults, foreclosures or losses, or they may not be cost effective. Our underwriting process and due diligence efforts may not be effective. Loan servicing companies may not cooperate with our loss mitigation efforts or those efforts may be ineffective. Service providers to securitizations, such as trustees, loan servicers, bond insurance providers, and custodians, as well as our operating partners and their property managers, may not perform in a manner that promotes our interests. Delay of foreclosures could delay resolution and increase ultimate loss severities, as a result.

The value of the properties collateralizing or underlying the loans, securities or interests we own may decline. The frequency of default and the loss severity on our assets upon default may be greater than we anticipate. Credit sensitive assets that are partially collateralized by non-real estate assets may have increased risks and severity of loss. If property securing or underlying loans becomes real estate owned as a result of foreclosure, we bear the risk of not being able to sell the property and recovering our investment and of being exposed to the risks attendant to the ownership of real property.

If our estimates of the loss-adjusted yields of our investments in credit sensitive assets prove inaccurate, we may experience losses.

We expect to value our investments in many credit sensitive assets based on loss-adjusted yields taking into account estimated future losses on the loans or other assets that we are investing in directly or that underlie securities owned by us, and the estimated impact of these losses on expected future cash flows. Our loss estimates may not prove accurate, as actual results may vary from our estimates. In the event that we underestimate the losses relative to the price we pay for a particular investment, we may experience material losses with respect to such investment.

An increase in interest rates may cause a decrease in the availability of certain of our targeted assets and could cause our interest expense to increase, which could materially adversely affect our ability to acquire targeted assets that satisfy our investment objectives, our earnings and our ability to make distributions to our stockholders.

Rising interest rates generally reduce the demand for mortgage loans due to the higher cost of borrowing. A reduction in the volume of mortgage loans originated may affect the volume of targeted assets available to us, which could adversely affect our ability to acquire assets that satisfy our investment and business objectives. Rising interest rates may also cause our targeted assets that were issued or originated prior to an interest rate increase to provide yields that are below prevailing market interest rates. If rising interest rates cause us to be unable to acquire a sufficient volume of our targeted assets with a yield that is sufficiently above our borrowing cost, our ability to satisfy our investment objectives and to generate income and make distributions to our stockholders will be materially and adversely affected.

In addition, a portion of the RMBS and residential mortgage loans we invest in may be comprised of ARMs that are subject to periodic and lifetime interest rate caps. Periodic interest rate caps limit the amount an interest rate can increase during any given period. Lifetime interest rate caps limit the amount an interest rate can increase over the life of the security or loan. Our borrowings typically are not subject to similar restrictions. Accordingly, in a period of rapidly increasing interest rates, the interest rates paid on our borrowings could increase without limitation while interest rate caps could limit the interest rates on the Agency ARMs or residential mortgage loans comprised of ARMs in our portfolio. This problem is magnified for securities backed by, or residential mortgage loans comprised of ARMs and hybrid ARMs that are not fully indexed. Further, certain securities backed by, or residential mortgage loans comprised of ARMs and hybrid ARMs, may be subject to periodic payment caps that result in a portion of the interest being deferred and added to the principal outstanding. As a result, the payments we receive on Agency ARMs backed by, or residential mortgage loans comprised of ARMs and hybrid ARMs, may be lower than the related debt service costs. These factors could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Interest rate fluctuations will also cause variances in the yield curve, which may reduce our net income. The relationship between short-term and longer-term interest rates is often referred to as the “yield curve.” If short-term interest rates rise disproportionately relative to longer-term interest rates (a flattening of the yield curve), our borrowing costs may increase more rapidly than the interest income earned on our interest-earning assets. For example, because the Agency RMBS in our investment portfolio typically bear interest based on longer-term rates while our borrowings typically bear interest based on short-term rates, a flattening of the yield curve would tend to decrease our net income and the market value of these securities. Additionally, to the extent cash flows from investments that return scheduled and unscheduled principal are reinvested, the spread between the yields of the new investments and available borrowing rates may decline, which would likely decrease our net income. It is also possible that short-term interest rates may exceed longer-term interest rates (a yield curve inversion), in which event our borrowing costs may exceed our interest income and we could incur significant operating losses.

Interest rate mismatches between the interest-earning assets held in our investment portfolio and the borrowings used to fund the purchases of those assets may reduce our net income or result in a loss during periods of changing interest rates.

A significant portion of the assets held in our investment portfolio have a fixed coupon rate, generally for a significant period, and in some cases, for the average maturity of the asset. At the same time, a significant portion of our repurchase agreements and our borrowings provide for a payment reset period of 30 days or less. In addition, the average maturity of our borrowings generally will be shorter than the average maturity of the assets currently in our portfolio and certain other targeted assets in which we seek to invest. Historically, we have used swap agreements as a means for attempting to fix the cost of certain of our liabilities over a period of time; however, these agreements will not be sufficient to match the cost of all our liabilities against all of our investments. In the event we experience unexpectedly high or low prepayment rates on the assets in our portfolio, our strategy for matching our assets with our liabilities is more likely to be unsuccessful which may result in reduced earnings or losses and reduced cash available for distribution to our stockholders.

Prepayment rates can change, adversely affecting the performance of our assets.

The frequency at which prepayments (including both voluntary prepayments by the borrowers and liquidations due to defaults and foreclosures) occur on the residential mortgage loans we own and those that underlie our RMBS is difficult to predict and is affected by a variety of factors, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, legislative and other factors. Generally, borrowers tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans.

In general, “premium” assets (assets whose market values exceed their principal or par amounts) are adversely affected by faster-than-anticipated prepayments because the above-market coupon that such premium securities carry will be earned for a shorter period of time. Generally, “discount” assets (assets whose principal or par amounts exceed their market values) are adversely affected by slower-than-anticipated prepayments. Because our securities portfolio is comprised of both discount assets and premium assets, our securities portfolio may be adversely affected by changes in prepayments in any interest rate environment. Although we estimate prepayment rates to determine the effective yield of our assets and valuations, these estimates are not precise and prepayment rates do not necessarily change in a predictable manner as a function of interest rate changes.

The adverse effects of prepayments may impact us in various ways. First, certain investments, such as IOs, may experience outright losses in an environment of faster actual or anticipated prepayments. Second, particular investments may under-perform relative to any hedges that we may have constructed for these assets, resulting in a loss to us. In particular, prepayments (at par) may limit the potential upside of many RMBS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss. Furthermore, to the extent that faster prepayment rates are due to lower interest rates, the principal payments received from prepayments will tend to be reinvested in lower-yielding assets, which may reduce our income in the long run. Therefore, if actual prepayment rates differ from anticipated prepayment rates, our business, financial condition and results of operations and ability to make distributions to our stockholders could be materially adversely affected.

Some of the commercial real estate loans we may originate or invest in or that underlie our CMBS may allow the borrower to make prepayments without incurring a prepayment penalty and some may include provisions allowing the borrower to extend the term of the loan beyond the originally scheduled maturity. Because the decision to prepay or extend a commercial loan is typically controlled by the borrower, we may not accurately anticipate the timing of these events, which could affect the earnings and cash flows we anticipate and could impact our ability to finance these assets.

Our portfolio of assets may at times be concentrated in certain asset types or secured by properties concentrated in a limited number of real estate sectors or geographic areas, which increases, with respect to those asset types, property types or geographic locations, our exposure to economic downturns and risks associated with the real estate and lending industries in general.

We are not required to observe any specific diversification criteria. As a result, our portfolio of assets may, at times, be concentrated in certain asset types that are subject to higher risk of delinquency, default or foreclosure, or secured by properties concentrated in a limited number of real estate sectors or geographic locations, which increases, with respect to those properties or geographic locations, our exposure to economic downturns and risks associated with the real estate and lending industries in general, thereby increasing the risk of loss and the magnitude of potential losses to us and our stockholders if one or more of these asset or property types perform poorly or the states or regions in which these properties are located are negatively impacted.

As of December 31, 2019, approximately 23.8% of our investment portfolio are comprised of first loss POs issued by certain multi-family loan K-series securitizations sponsored by Freddie Mac and certain IOs and mezzanine securities issued by these securitizations. Our investments in these privately placed first loss POs generally represent 7.5% of the overall securitization which typically initially totals approximately $1.0 billion in multi-family loans consisting of 45 to 100 individual properties diversified across a wide geographic footprint in the United States. Each first loss PO of multi-family CMBS in our portfolio is the most junior of the securities issued by the securitization, meaning it will absorb all losses in the securitization prior to other more senior securities being exposed to loss. In addition, approximately 5.7% of our total investment portfolio represent direct or indirect investments in multi-family properties. Our direct and indirect investments in multi-family properties are subject to the ability of the property owner to generate net income from operating the property, which is impacted by numerous factors. See “-Our direct and indirect investments in multi-family and other commercial properties are subject to the ability of the property owner to generate net income from operating the property as well as the risks of delinquency, default and foreclosure.” To the extent any of these factors materially adversely impact the multi-family property sector, the market values of our multi-family assets and our business, financial condition and results of operations may be materially adversely affected.

Similarly, as of December 31, 2019, approximately 47.8% of our total investment portfolio is comprised of residential mortgage loans and non-Agency RMBS. Moreover, as of December 31, 2019, significant portions of the properties that secure our multi-family loans held in securitization trusts are concentrated in California and Texas, among other states, while significant portions of the properties that secure our residential mortgage loans, including loans that secure Consolidated SLST, are concentrated in California, Florida, Texas and New York, among other states. To the extent that our portfolio is concentrated in any region, or by type of asset or real estate sector, downturns relating generally to such region, type of borrower, asset or sector may result in defaults on a number of our assets within a short time period, which may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Our investments include subordinated tranches of CMBS, RMBS and ABS, which are subordinate in right of payment to more senior securities and have greater risk of loss than other investments.

Our investments include subordinated tranches of CMBS, RMBS and ABS, which are subordinated classes of securities in a structure of securities collateralized by a pool of assets consisting primarily of multi-family or other commercial mortgage loans, residential mortgage loans and auto loans, respectively. Accordingly, the subordinated tranches of securities that we own and invest in, such as our first loss PO multi-family CMBS, certain non-Agency RMBS and ABS, are the first or among the first to bear the loss upon a restructuring or liquidation of the underlying collateral and the last to receive payment of interest and principal. Additionally, estimated fair values of these subordinated interests tend to be more sensitive to changes in economic conditions and increases in defaults, delinquencies and losses than more senior securities. Moreover, subordinated interests generally are not actively traded and may not provide holders thereof with liquid investment. Numerous factors may affect an issuing entity’s ability to repay or fulfill its payment obligations on its subordinated securities, including, without limitation, the failure to meet its business plan, a downturn in its industry, rising interest rates, negative economic conditions or risks particular to real property. As of December 31, 2019, our portfolio included approximately $824.5 million of first loss PO multi-family CMBS, $703.2 million of subordinated non-Agency RMBS, including $214.8 million first loss securities, and $49.2 million of first loss ABS. In the event any of these factors cause the securitization entities in which we own subordinated securities to experience losses, the market value of our assets, our business, financial condition and results of operations and ability to make distributions to our stockholders may be materially adversely affected.

Residential mortgage loans are subject to increased risks.

We acquire and manage residential whole mortgage loans, including distressed residential loans and loans that may not meet or conform to the underwriting standards of any GSE. Residential mortgage loans are subject to increased risks of loss. Unlike Agency RMBS, the residential mortgage loans we invest in generally are not guaranteed by the federal government or any GSE. Additionally, by directly acquiring residential mortgage loans, we do not receive the structural credit enhancements that benefit senior securities of RMBS. A residential whole mortgage loan is directly exposed to losses resulting from default. Therefore, the value of the underlying property, the creditworthiness and financial position of the borrower and the priority and enforceability of the lien will significantly impact the value of such mortgage. In the event of a foreclosure, we may assume direct ownership of the underlying real estate. The liquidation proceeds upon sale of such real estate may not be sufficient to recover our cost basis in the loan, and any costs or delays involved in the foreclosure or liquidation process may increase losses.

Many of the loans we own or seek to acquire have been purchased by us at a discount to par value. These residential loans sell at a discount because they may constitute riskier investments than those selling at or above par value. The residential loans we invest in may be distressed or purchased at a discount because a borrower may have defaulted thereupon, because the borrower is or has been in the past delinquent on paying all or a portion of his obligation under the loan, because the loan may otherwise contain credit quality that is considered to be poor, because of errors by the originator in the loan origination underwriting process or because the loan documentation fails to meet certain standards. In addition, non-performing or sub-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may divert the attention of our management team from other activities and entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments, and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that the borrower will not be able or willing to maintain the restructured payments or refinance the restructured mortgage upon maturity. Although we typically expect to receive less than the principal amount or face value of the residential loans that we purchase, the return that we in fact receive thereupon may be less than our investment in such loans due to the failure of the loans to perform or reperform. An economic downturn would exacerbate the risks of the recovery of the full value of the loan or the cost of our investment therein.

We also own and invest in second mortgages on residential properties, which are subject to a greater risk of loss than a traditional mortgage because our security interest in the property securing a second mortgage is subordinated to the interest of the first mortgage holder and the second mortgages have a higher combined loan-to-value ratio than do the first mortgages. If the borrower experiences difficulties in making senior lien payments or if the value of the property is equal to or less than the amount needed to repay the borrower's obligation to the first mortgage holder upon foreclosure, our investment in the second mortgage may not be repaid in full or at all.

Finally, residential mortgage loans are also subject to "special hazard" risk (property damage caused by hazards, such as earthquakes or environmental hazards, not covered by standard property insurance policies), and to bankruptcy risk (reduction in a borrower's mortgage debt by a bankruptcy court). In addition, claims may be asserted against us on account of our position as a mortgage holder or property owner, including assignee liability, responsibility for tax payments, environmental hazards and other liabilities. In some cases, these liabilities may be "recourse liabilities" or may otherwise lead to losses in excess of the purchase price of the related mortgage or property.

In connection with our operating and investment activity, we rely on third-party service providers to perform a variety of services, comply with applicable laws and regulations, and carry out contractual covenants and terms, the failure of which by any of these third-party service providers may adversely impact our business and financial results.

In connection with our business of acquiring and holding loans, engaging in securitization transactions, and investing in CMBS, non-Agency RMBS and ABS, we rely on third-party service providers, principally loan servicers, to perform a variety of services, comply with applicable laws and regulations, and carry out contractual covenants and terms. For example, we rely on the mortgage servicers who service the mortgage loans we purchase as well as the loans underlying our CMBS, non-Agency RMBS and ABS to, among other things, collect principal and interest payments on such loans and perform loss mitigation services, such as workouts, modifications, refinancings, foreclosures, short sales and sales of foreclosed property. Both default frequency and default severity of loans may depend upon the quality of the servicer. If a servicer is not vigilant in encouraging the borrowers to make their monthly payments, the borrowers may be far less likely to make these payments, which could result in a higher frequency of default. If a servicer takes longer to liquidate non-performing assets, loss severities may be higher than originally anticipated. Higher loss severity may also be caused by less competent dispositions of real estate owned properties. Finally, in the case of the CMBS, non-Agency RMBS and ABS in which we invest, we may have no or limited rights to prevent the servicer of the underlying loans from taking actions that are adverse to our interests.

Mortgage servicers and other service providers, such as our trustees, bond insurance providers, due diligence vendors, and document custodians, may fail to perform or otherwise not perform in a manner that promotes our interests. For example, any loan modification legislation or regulatory action currently in effect or enacted in the future may incentivize mortgage loan servicers to pursue such loan modifications and other actions that may not in the best interests of the beneficial owners of the mortgage loans. As a result, we are subject to the risks associated with a third party’s failure to perform, including failure to perform due to reasons such as fraud, negligence, errors, miscalculations, or insolvency.

In the ordinary course of business, our loan servicers and other service providers are subject to numerous legal proceedings, federal, state or local governmental examinations, investigations or enforcement actions, which could adversely affect their reputation, business, liquidity, financial position and results of operations. Residential mortgage servicers, in particular, have experienced heightened regulatory scrutiny and enforcement actions, and our mortgage servicers could be adversely affected by the market’s perception that they could experience, or continue to experience, regulatory issues. Regardless of the merits of any such claim, proceeding or inquiry, defending any such claims, proceedings or inquiries may be time consuming and costly and may divert the mortgage servicer’s resources, time and attention from servicing our mortgage loans or related assets and performing as expected. In addition, it is possible that regulators or other governmental entities or parties impacted by the actions of our mortgage servicers could seek enforcement or legal actions against us, as the beneficial owner of the loans or other assets, and responding to such claims, and any related losses, could negatively impact our business. Moreover, if such actions or claims are levied against us, we could also suffer reputational damage and lenders and other counterparties could cease wanting to do business with us, any of which could materially adversely affect our business, financial condition and results of operations and ability to make distributions to our stockholders.

Any costs or delays involved in the completion of a foreclosure or liquidation of the underlying property of the residential mortgage loans we own may further reduce proceeds from the property and may increase our loss.

We may find it necessary or desirable from time to time to foreclose on some, if not many, of the residential mortgage loans we acquire, and the foreclosure process may be lengthy and expensive. Borrowers may resist mortgage foreclosure actions by asserting numerous claims, counterclaims and defenses against us including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force us into a modification of the loan or a favorable buy-out of the borrower’s position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure may create a negative public perception of the related mortgaged property, resulting in a decrease in its value. Even if we are successful in foreclosing on a mortgage loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us. Furthermore, any costs or delays involved in the completion of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss. Any such reductions could materially and adversely affect the value of the residential mortgage loans in which we invest and, therefore, could have a material and adverse effect on our business, results of operations and financial condition and ability to make distributions to our stockholders.

If we sell or transfer any whole mortgage loans to a third party, including a securitization entity, we may be required to repurchase such loans or indemnify such third party if we breach representations and warranties.

When we sell or transfer any whole mortgage loans to a third party, including a securitization entity, we generally are required to make customary representations and warranties about such loans to the third party. Our residential mortgage loan sale agreements and the terms of any securitizations into which we sell or transfer loans will generally require us to repurchase or substitute loans in the event we breach a representation or warranty given to the loan purchaser or securitization. In addition, we may be required to repurchase loans as a result of borrower fraud or in the event of early payment default on a mortgage loan. The remedies available to a purchaser of mortgage loans are generally broader than those available to us against an originating broker or correspondent. Repurchased loans could be worth less than the original price. Significant repurchase activity could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

In the future, we may acquire rights to excess servicing spreads that may expose us to significant risks.

In the future, we may acquire certain excess servicing spreads arising from certain mortgage servicing rights. The excess servicing spreads represent the difference between the contractual servicing fee with Fannie Mae, Freddie Mac or Ginnie Mae and a base servicing fee that is retained as compensation for servicing or subservicing the related mortgage loans pursuant to the applicable servicing contract.

Because the excess servicing spread is a component of the related mortgage servicing right, the risks of owning the excess servicing spread are similar to the risks of owning a mortgage servicing right, including, among other things, the illiquidity of mortgage servicing rights, significant and costly regulatory requirements, the failure of the servicer to effectively service the underlying loans and prepayment, interest and credit risks. We would record any excess servicing spread assets we acquired at fair value, which would be based on many of the same estimates and assumptions used to value mortgage servicing right assets, thereby creating the same potential for material differences between the recorded fair value of the excess servicing spread and the actual value that is ultimately realized. Also, the performance of any excess servicing spread assets we would acquire would be impacted by the same drivers as mortgage servicing right assets, namely interest rates, prepayment speeds and delinquency rates. Because of the inherent uncertainty in the estimates and assumptions and the potential for significant change in the impact of the drivers, there may be material uncertainty about the fair value of any excess servicing spreads we acquire, and this could ultimately have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our preferred equity and mezzanine loan investments involve greater risks of loss than more senior loans secured by income-producing properties.

We own and originate mezzanine loans, which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. We also own and make preferred equity investments in entities that own property. These types of assets involve a higher degree of risk than senior mortgage lending secured by income-producing real property, because the loan may become unsecured or our equity investment may be effectively extinguished as a result of foreclosure by the senior lender. In addition, mezzanine loans and preferred equity investments are often used to achieve a very high leverage on large commercial projects, resulting in less equity in the property and increasing the risk of loss of principal or investment. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan or preferred equity investment will be satisfied only after the senior debt, in case of a mezzanine loan, or all senior and subordinated debt, in case of a preferred equity investment, is paid in full. Where senior debt exists, the presence of intercreditor arrangements, which in this case are arrangements between the lender of the senior loan and the mezzanine lender or preferred equity investor that stipulate the rights and obligations of the parties, may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies or control decisions made in bankruptcy proceedings relating to borrowers or preferred equity investors. As a result, we may not recover some or all of our investment, which could result in significant losses.

Our investments in multi-family and other commercial properties are subject to the ability of the property owner to generate net income from operating the property as well as the risks of delinquency, default and foreclosure.

Our investments in multi-family or other commercial properties are subject to risks of delinquency, default and foreclosure on the properties that underlie or back these investments, and risk of loss that may be greater than similar risks associated with loans made on the security of a single-family residential property. The ability of a borrower to repay a loan or obligation secured by, or an equity interest in an entity that owns, an income-producing property typically is dependent primarily upon the successful operation of such property. If the net operating income of the subject property is reduced, the borrower's ability to repay the loan, on a timely basis or at all, or our ability to receive adequate returns on our investment, may be impaired. Net operating income of an income-producing property can be adversely affected by, among other things:

- tenant mix;
- success of tenant businesses;
- the performance, actions and decisions of operating partners and the property managers they engage in the day-to-day management and maintenance of the property;
- property location, condition, and design;
- competition, including new construction of competitive properties;
- a surge in homeownership rates;
- changes in laws that increase operating expenses or limit rents that may be charged;
- changes in specific industry segments, including the labor, credit and securitization markets;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate tax rates, energy costs and other operating expenses;
- costs of remediation and liabilities associated with environmental conditions;
- the potential for uninsured or underinsured property losses;
- the risks particular to real property, including those described in “-Our real estate assets are subject to risks particular to real property.”

In the event of any default under a loan held directly by us, we will bear a risk of loss to the extent of any deficiency between the value of the collateral and the outstanding principal and accrued interest of the mortgage loan, and any such losses could have a material adverse effect on our cash flow from operations and our ability to make distributions to our stockholders. Similarly, the CMBS, mezzanine loan and preferred and joint venture equity investments we own may be adversely affected by a default on any of the loans or other instruments that underlie those securities or that are secured by the related property. See "- Our investments include subordinated tranches of CMBS, RMBS and ABS, which are subordinate in right of payment to more senior securities and have greater risk of loss than other investments."

In the event of the bankruptcy of a commercial mortgage loan borrower, the commercial mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the commercial mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a commercial mortgage loan can be an expensive and lengthy process, which could have a material adverse effect on our business, financial condition and results of operations and our ability to make distributions to our stockholders.

The revenues generated by our investments in multi-family properties are significantly influenced by demand for multi-family properties generally, and a decrease in such demand will likely have a greater adverse effect on our revenues than if we owned a more diversified portfolio.

A significant portion of our investment portfolio is comprised of direct or indirect investments in multi-family properties, and we expect that our portfolio going forward will continue to heavily focus on these assets. As a result, we are subject to risks inherent in investments concentrated in a single industry, and a decrease in the demand for multi-family apartment properties would likely have a greater adverse effect on our revenues and results of operations than if we made similar investments in additional property types. Resident demand at multi-family apartment properties may be adversely affected by, among other things, reduced household spending, reduced home prices, high unemployment, the rate of household formation or population growth in the markets in which we invest, changes in interest rates or the changes in supply of, or demand for, similar or competing multi-family apartment properties in an area. Reduced resident demand could cause downward pressure on occupancy and market rents at the properties in which we invest, which could cause a decrease in our revenue. In addition, decreased demand could also impair the ability of the owners of the properties that secure or underlie our investments to satisfy their substantial debt service obligations or make distributions or payments of principal or interest to us, which in turn could materially adversely affect our business, results of operations, financial condition and ability to make distributions to our stockholders.

Actions of our operating partners could subject us to liabilities in excess of those contemplated or prevent us from taking actions which are in the best interests of our stockholders, which could result in lower investment returns to our stockholders.

We have entered into, and in the future may make mezzanine loans to or preferred or joint venture equity investments in owners of multi-family properties, who we consider to be our operating partners with respect to the acquisition, improvement or financing of the underlying properties, as the case may be. We may also make investments in properties through operating agreements, partnerships, co-tenancies or other co-ownership arrangements. Such investments may involve risks not otherwise present when acquiring real estate directly, including, for example:

- that our operating partners may share certain approval rights over major decisions;
- that our operating partners may at any time have economic or business interests or goals which are or which become inconsistent with our business interests or goals, including inconsistent goals relating to the sale of properties held in the joint venture or the timing of termination or liquidation of the joint venture;
- the possibility that our operating partner in a property might become insolvent or bankrupt;
- the possibility that we may incur liabilities as a result of an action taken by one of our operating partners;
- that one of our operating partners may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives, including our policy with respect to qualifying and maintaining our qualification as a REIT;
- disputes between us and our operating partners may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business, which may subject the properties owned by the applicable joint venture to additional risk;

- under certain joint venture arrangements, neither venture partner may have the power to control the venture, and an impasse could be reached which might have a negative influence on the joint venture; or

- that we will rely on our operating partners to provide us with accurate financial information regarding the performance of the properties underlying our preferred equity, mezzanine loan and joint venture investments on a timely basis to enable us to satisfy our annual, quarterly and periodic reporting obligations under the Exchange Act and our operating partners and the entities in which we invest may have inadequate internal controls or procedures that could cause us to fail to meet our reporting obligations and other requirements under the federal securities laws.

Actions by one of our operating partners or one of the property managers of the multi-family properties in which we invest, which are generally out of our control, might subject us to liabilities in excess of those contemplated and thus reduce our investment returns. If we have a right of first refusal or buy/sell right to buy out an operating partner, we may be unable to finance such a buy-out if it becomes exercisable or we may be required to purchase such interest at a time when it would not otherwise be in our best interest to do so. If our interest is subject to a buy/sell right, we may not have sufficient cash, available borrowing capacity or other capital resources to allow us to elect to purchase the interest of our operating partner that is subject to the buy/sell right, in which case we may be forced to sell our interest as the result of the exercise of such right when we would otherwise prefer to keep our interest. Finally, we may not be able to sell our interest in a venture if we desire to exit the venture.

Our real estate and real estate-related assets are subject to risks particular to real property.

We own assets secured by real estate and to a lesser extent real estate, and may in the future acquire more of these assets, either through direct or indirect investments or upon a default of mortgage loans. Real estate assets are subject to various risks, including:

- acts of God, including earthquakes, floods and other natural disasters, which may result in uninsured losses;

- acts of war or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001, social unrest and civil disturbances;

- adverse changes in global, national, regional and local economic and market conditions, including those relating to pandemics and health crises, such as the recent outbreak of novel coronavirus (COVID-19);

- changes in governmental laws and regulations, fiscal policies, zoning ordinances and environmental legislation and the related costs of compliance with laws and regulations, fiscal policies and ordinances; and

- adverse developments or conditions resulting from or associated with climate change.

The occurrence of any of the foregoing or similar events may reduce our return from an affected property or asset and, consequently, materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

To the extent that due diligence is conducted as part of our acquisition or underwriting process, such due diligence may be limited, may not reveal all of the risks associated with such assets and may not reveal other weaknesses in such assets, which could lead to material losses.

As part of our acquisition or underwriting process for certain assets, including, without limitation, mortgage loans, direct and indirect multi-family property investments, CMBS, non-Agency RMBS, ABS or other mortgage-, residential housing- or other credit-related assets, we may conduct (either directly or using third parties) certain due diligence. Such due diligence may include (i) an assessment of the strengths and weaknesses of the asset’s or underlying asset's credit profile, (ii) a review of all or merely a subset of the documentation related to the asset or underlying asset, or (iii) other reviews that we may deem appropriate to conduct. There can be no assurance that we will conduct any specific level of due diligence, or that, among other things, the due diligence process will uncover all relevant facts, the materials provided to us or that we review will be accurate and complete or that any purchase will be successful, which could result in losses on these assets, which, in turn, could adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

The lack of liquidity in certain of our assets may adversely affect our business.

A portion of the assets we own or acquire may be subject to legal, contractual and other restrictions on resale or will otherwise be less liquid than publicly traded securities. For example, certain of our assets may be securitized and are held in a securitization trust and may not be sold or transferred until the note issued by the securitization trust matures or is repaid. Moreover, because many of our assets are subordinated to more senior securities or loans, any potential buyer of those assets may request to conduct due diligence on those assets, which may delay the sale or transfer of those assets. The illiquidity of certain of our assets may make it difficult for us to sell such assets on a timely basis or at all if the need or desire arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our assets. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited, which could materially adversely affect our results of operations and financial condition.

Our Level 2 portfolio investments are recorded at fair value based on market quotations from third party pricing services and brokers/dealers. Our Level 3 investments are recorded at fair value utilizing a third party pricing service or internal valuation models. The value of our securities could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal.

All of our current portfolio investments are, and some of our future portfolio investments will be, in the form of securities or other investments that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. We currently value and will continue to value these investments on a quarterly basis at fair value as determined by our management based on market quotations from third party pricing services and brokers/dealers, in the case of Level 2 investments, and third party pricing services or internal valuation models in the case of Level 3 investments.

The internal valuation models we utilize may be based on certain assumptions that are based on historical trends. These trends may not be indicative of future results. Furthermore, the assumptions underlying the models may prove to be inaccurate, causing the model output also to be incorrect. In the event the models and data we use prove to be incorrect, misleading or incomplete, any decisions or determinations made in reliance thereon expose us to potential risks.

Because the quotations and models we use in determining the fair value of our Level 2 and Level 3 investments are inherently uncertain, may fluctuate over short periods of time and are based on estimates, our determinations of fair value may differ materially from the values that would have been used if a public market for these securities existed. The value of our securities, could be materially adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon their disposal.

We have experienced and may experience in the future increased volatility in our GAAP results of operations due in part to the increasing contribution to financial results of assets accounted for under the fair value option.

Over the past several years the proportion of our overall investment portfolio that is accounted for under GAAP using the fair value option has grown. We have elected the fair value option for a number of our consolidated assets, including, the investment securities available for sale beginning in the fourth quarter of 2019, Consolidated K-Series, Consolidated SLST and a large portion of our distressed and other residential mortgage loans, among others, which requires that changes in valuations of these assets and associated liabilities be reflected through our income statement. Due to the increased contribution of these assets to our net income, our earnings may experience greater volatility in the future as a decline in the fair value of these assets or any others for which we elect the fair value option could reduce both our earnings and stockholders' equity and our ability to make distributions to our stockholders, which in turn, could cause significant market price and trading volume fluctuations for our securities.

Competition may prevent us from acquiring assets on favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive market for investment opportunities. Our net income largely depends on our ability to acquire our targeted assets at favorable spreads over our borrowing costs. In acquiring our targeted assets, we compete with other REITs, investment banking firms, savings and loan associations, banks, insurance companies, mutual funds, private investors, lenders and other entities that purchase mortgage-related assets, many of which have greater financial resources than us. Additionally, many of our potential competitors are not subject to REIT tax compliance or required to maintain an exclusion from the Investment Company Act. As a result, we may not in the future be able to acquire sufficient quantities of our targeted assets at favorable spreads over our borrowing costs, which could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our stockholders.

We are highly dependent on information and communication systems and system failures and other operational disruptions could significantly disrupt our business, which may, in turn, materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Our business is highly dependent on communications and information systems. For example, we rely on our proprietary database to track and manage the residential mortgage loans in our portfolio. Any failure or interruption in the availability and functionality of our systems or those of our third party service providers and other operational disruptions could cause delays or other problems in our trading, investment, financing, hedging and other operating activities which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

The occurrence of cyber-incidents, or a deficiency in our cybersecurity or in those of any of our third party service providers, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information or damage to our business relationships or reputation, all of which could materially adversely impact our business, financial condition and results of operations.

A cyber-incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources or the information resources of our third party service providers. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information. As our reliance on technology has increased, so have the risks posed to our systems and to the systems of our third party service providers. The primary risks that could directly result from the occurrence of a cyber-incident include operational interruption and private data exposure. Although we have implemented processes, procedures and controls to help mitigate these risks, there can be no assurance that these measures, together with our increased awareness of a risk of a cyber-incident, will be successful in averting a cyber-incident or attack that our business and results of operations will not be negatively impacted by such an incident.

Risks Related to Debt Financing

Our access to financing sources, which may not be available on favorable terms, or at all, may be limited, and this may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

We depend upon the availability of adequate capital and financing sources on acceptable terms to fund our operations. However, as previously discussed, the capital and credit markets have experienced unprecedented levels of volatility and disruption in recent years that has generally impacted the availability of credit from time-to-time. Continued volatility or disruption in the credit markets or a downturn in the global economy could materially adversely affect one or more of our lenders and could cause one or more of our lenders to be unwilling or unable to provide us with financing, or to increase the costs of that financing, or to become insolvent.

Although we finance some of our assets with longer-term financing, we rely heavily on access to short-term borrowings, primarily in the form of repurchase agreements, to finance our investments. We are currently party to repurchase agreements of a short duration and there can be no assurance that we will be able to roll over or re-set these borrowings on favorable terms, if at all. In the event we are unable to roll over or re-set our repurchase agreement borrowings, it may be more difficult for us to obtain debt financing on favorable terms or at all. In addition, regulatory capital requirements imposed on our lenders have changed the willingness of many repurchase agreement lenders to make repurchase agreement financing available and additional regulatory capital requirements imposed on our lenders may cause them to change, limit, or increase the cost of, the financing they provide to us. In general, this could potentially increase our financing costs and reduce our liquidity or require us to sell assets at an inopportune time or price.

Under current market conditions, securitizations have been limited. A prolonged decline in securitization activity may limit borrowings under warehouse facilities and other credit facilities that are intended to be refinanced by such securitizations. Consequently, depending on market conditions at the relevant time, we may have to rely on additional equity issuances to meet our capital and financing needs, which may be dilutive to our stockholders, or we may have to rely on less efficient forms of debt financing that restrict our operations or consume a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash distributions to our stockholders and other purposes. We cannot assure you that we will have access to such equity or debt capital on favorable terms (including, without limitation, cost and term) at the desired times, or at all, which may cause us to curtail our investment activities and/or dispose of assets, which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

We may incur increased borrowing costs related to repurchase agreements and that would adversely affect our profitability.

Currently, a significant portion of our borrowings are collateralized borrowings in the form of repurchase agreements. If the interest rates on these agreements increase at a rate higher than the increase in rates payable on our investments, our profitability would be adversely affected.

Our borrowing costs under repurchase agreements generally correspond to short-term interest rates such as LIBOR or a short-term Treasury index, plus or minus a margin. The margins on these borrowings over or under short-term interest rates may vary depending upon a number of factors, including, without limitation:

- the movement of interest rates;
- the availability of financing in the market; and
- the value and liquidity of our mortgage-related assets.

If the interest rates, lending margins or collateral requirements under our short-term borrowings, including repurchase agreements, increase, or if lenders impose other onerous terms to obtain this type of financing, our results of operations will be adversely affected.

The repurchase agreements that we use to finance our investments may require us to provide additional collateral, which could reduce our liquidity and harm our financial condition.

We use repurchase agreements to finance a significant portion of our investments. Each of these repurchase agreements allows the lender, to varying degrees, to revalue the collateral to values that the lender considers to reflect the market value. If a lender determines that the value of the collateral has decreased, it may initiate a margin call, in which case we may be required by the lending institution to provide additional collateral or pay down a portion of the funds advanced, but we may not have the funds available to do so. Posting additional collateral to support our repurchase agreements will reduce our liquidity and limit our ability to leverage our assets. In the event we do not have sufficient liquidity to meet such requirements, lending institutions can accelerate our indebtedness, increase our borrowing rates, liquidate our collateral at inopportune times or prices and terminate our ability to borrow. This could result in a rapid deterioration of our financial condition and possibly require us to file for protection under the U.S. Bankruptcy Code.

We leverage our equity, which can exacerbate any losses we incur on our current and future investments and may reduce cash available for distribution to our stockholders.

We leverage our equity through borrowings, generally through the use of repurchase agreements and other short-term borrowings, longer-term structured debt, such as CDOs and other forms of securitized debt, or corporate-level debt, such as convertible notes. We may, in the future, utilize other forms of borrowing. The amount of leverage we incur varies depending on the asset type, our ability to obtain borrowings, the cost of the debt and our lenders' estimates of the value of our portfolio's cash flow. The return on our investments and cash available for distribution to our stockholders may be reduced to the extent that changes in market conditions cause the cost of our financing to increase relative to the income that can be derived from the assets we hold in our investment portfolio. Further, the leverage on our equity may exacerbate any losses we incur.

Our debt service payments will reduce the net income available for distribution to our stockholders. We may not be able to meet our debt service obligations and, to the extent that we cannot, we risk the loss of some or all of our assets to sale to satisfy our debt obligations. Although we have established target leverage amounts for many of our assets, there is no established limitation, other than may be required by our financing arrangements, on our leverage ratio or on the aggregate amount of our borrowings. As a result, we may still incur substantially more debt or take other actions which could have the effect of diminishing our ability to make payments on our indebtedness when due and further exacerbate our losses.

If we are unable to leverage our equity to the extent we currently anticipate, the returns on certain of our assets could be diminished, which may limit or eliminate our ability to make distributions to our stockholders.

If we are limited in our ability to leverage our assets to the extent we currently anticipate, the returns on these assets may be harmed. A key element of our strategy is our use of leverage to increase the size of our portfolio in an attempt to enhance our returns. Our repurchase agreements generally are not currently committed facilities, meaning that the counterparties to these agreements may at any time choose to restrict or eliminate our future access to the facilities and we have no other committed credit facilities through which we may leverage our equity. If we are unable to leverage our equity to the extent we currently anticipate, the returns on our portfolio could be diminished, which may limit or eliminate our ability to make distributions to our stockholders.

We directly or indirectly utilize non-recourse securitizations and recourse structured financings and such structures expose us to risks that could result in losses to us.

We sometimes utilize non-recourse securitizations of our investments in mortgage loans or CMBS to the extent consistent with the maintenance of our REIT qualification and exclusion from registration under the Investment Company Act in order to generate cash for funding new investments and/or to leverage existing assets. In most instances, this involves us transferring loans or CMBS owned by us to a SPE in exchange for cash and typically the ownership certificate or residual interest in the entity. In some sale transactions, we also retain a subordinated interest in the loans or CMBS sold, such as a B-note. The securitization or other structured financing of our portfolio investments might magnify our exposure to losses on those portfolio investments because the subordinated interest we retain in the loans or CMBS sold would be subordinate to the senior interest in the loans or CMBS sold, and we would, therefore, absorb all of the losses sustained with respect to a loan sold before the owners of the senior interest experience any losses. Under the terms of these financings, which generally have terms of three to ten years, we may agree to receive no cash flows from the assets transferred to the SPE until the debt issued by the SPE has matured or been repaid. There can be no assurance that we will be able to access the securitization markets in the future, or be able to do so at favorable rates. The inability to consummate longer-term financing for the credit sensitive assets in our portfolio could require us to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price, which could adversely affect our performance and our ability to grow our business.

In addition, under the terms of the securitization or structured financing, we may have limited or no ability to sell, transfer or replace the assets transferred to the SPE, which could have a material adverse effect on our ability to sell the assets opportunistically or during periods when our liquidity is constrained or to refinance the assets. Finally, we have in the past and may in the future guarantee certain terms or conditions of these financings, including the payment of principal and interest on the debt issued by the SPE, the cash flows for which are typically derived from the assets transferred to the entity. If a SPE defaults on its obligations and we have guaranteed the satisfaction of that obligation, we may be materially adversely affected.

If a counterparty to our repurchase transactions defaults on its obligation to resell the pledged assets back to us at the end of the transaction term or if we default on our obligations under the repurchase agreement, we may incur losses.

When we engage in repurchase transactions, we generally sell RMBS, CMBS, mortgage loans or certain other assets to lenders (i.e., repurchase agreement counterparties) and receive cash from the lenders. The lenders are obligated to resell the same asset back to us at the end of the term of the transaction. Because the cash we receive from the lender when we initially sell the asset to the lender is less than the value of that asset (this difference is referred to as the “haircut”), if the lender defaults on its obligation to resell the same asset back to us we would incur a loss on the transaction equal to the amount of the haircut (assuming there was no change in the value of the asset), plus additional costs associated with asserting or enforcing our rights under the repurchase agreement. Certain of the assets that we pledge as collateral are currently subject to significant haircuts. Further, if we default on one of our obligations under a repurchase transaction, the lender can terminate the transaction and cease entering into any other repurchase transactions with us. Moreover, our repurchase agreements contain cross-default provisions, so that if a default occurs under any one agreement, the lenders under our other agreements could also declare a default, which could exacerbate our losses and cause a rapid deterioration of our financial condition. Any losses we incur on our repurchase transactions through our default or the default of our counterparty could adversely affect our earnings and thus our cash available for distribution to our stockholders.

Our use of repurchase agreements to borrow funds may give our lenders greater rights in the event that either we or a lender files for bankruptcy.

Our borrowings under repurchase agreements may qualify for special treatment under the bankruptcy code, giving our lenders the ability to avoid the automatic stay provisions of the bankruptcy code and to take possession of and liquidate our collateral under the repurchase agreements without delay in the event that we file for bankruptcy. Furthermore, the special treatment of repurchase agreements under the bankruptcy code may make it difficult for us to recover our pledged assets in the event that a lender files for bankruptcy. Thus, the use of repurchase agreements exposes our pledged assets to risk in the event of a bankruptcy filing by either a lender or us.

Risks Related to Our Use of Hedging Strategies

Hedging against interest rate and market value changes as well as other risks may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Subject to compliance with the requirements to qualify as a REIT, we engage in certain hedging transactions to limit our exposure to changes in interest rates and therefore may expose ourselves to risks associated with such transactions. We may utilize instruments such as interest rate swaps, interest rate swaptions, Eurodollars and U.S. Treasury futures to seek to hedge the interest rate risk associated with our portfolio. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio positions should increase. Moreover, at any point in time we may choose not to hedge all or a portion of these risks, and we generally will not hedge those risks that we believe are appropriate for us to take at such time, or that we believe would be impractical or prohibitively expensive to hedge.

Even if we do choose to hedge certain risks, for a variety of reasons we generally will not seek to establish a perfect correlation between our hedging instruments and the risks being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. Our hedging activity will vary in scope based on the composition of our portfolio, our market views, and changing market conditions, including the level and volatility of interest rates. When we do choose to hedge, hedging may fail to protect or could materially adversely affect us because, among other things:

- we may fail to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the assets in the portfolio being hedged;
- we may fail to recalculate, re-adjust and execute hedges in an efficient and timely manner;
- the hedging transactions may actually result in poorer overall performance for us than if we had not engaged in the hedging transactions;
- interest rate hedging can be expensive, particularly during periods of volatile interest rates;
- available hedges may not correspond directly with the risks for which protection is sought;
- the durations of the hedges may not match the durations of the related assets or liabilities being hedged;
- many hedges are structured as over-the-counter contracts with counterparties whose creditworthiness is not guaranteed, raising the possibility that the hedging counterparty may default on their payment obligations; and
- to the extent that the creditworthiness of a hedging counterparty deteriorates, it may be difficult or impossible to terminate or assign any hedging transactions with such counterparty.

The use of derivative instruments is also subject to an increasing number of laws and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") and its implementing regulations. These laws and regulations are complex, compliance with them may be costly and time consuming, and our failure to comply with any of these laws and regulations could subject us to lawsuits or government actions and damage our reputation. For these and other reasons, our hedging activity may materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Risks Associated With Adverse Developments in the Mortgage, Real Estate, Credit and Financial Markets Generally

Difficult conditions in the mortgage and real estate markets, the financial markets and the economy generally have caused and may cause us to experience losses in the future.

Our business is materially affected by conditions in the residential and commercial mortgage markets, the residential and commercial real estate markets, the financial markets and the economy generally. Furthermore, because a significant portion of our current assets and our targeted assets are credit sensitive, we believe the risks associated with our investments will be more acute during periods of economic slowdown, recession or market dislocations, especially if these periods are accompanied by declining real estate values and defaults. In prior years, concerns about the health of the global economy generally and the residential and commercial mortgage markets specifically, as well as inflation, energy costs, changes in monetary policy, perceived or actual changes in interest rates, European sovereign debt, U.S. budget debates and geopolitical issues and the availability and cost of credit have contributed to increased volatility and uncertainty for the economy and financial markets. The residential and commercial mortgage markets were materially adversely affected by changes in the lending landscape during the financial market crisis of 2008, the severity of which was largely unanticipated by the markets, and there can be no assurance that such adverse markets will not occur in the future.

In addition, an economic slowdown or general disruption in the mortgage markets may result in decreased demand for residential and commercial property, which would likely further compress homeownership rates and place additional pressure on home price performance, while forcing commercial property owners to lower rents on properties with excess supply or experience higher vacancy rates. We believe there is a strong correlation between home price growth rates and mortgage loan delinquencies. Moreover, to the extent that a property owner has fewer tenants or receives lower rents, such property owners may generate less cash flow on their properties, which reduces the value of their property and increases significantly the likelihood that such property owners will default on their debt service obligations. If the borrowers of our mortgage loans, the loans underlying certain of our investment securities or the commercial properties that we finance or in which we invest, default or become delinquent on their obligations, we may incur material losses on those loans or investment securities. Any sustained period of increased payment delinquencies, defaults, foreclosures or losses could adversely affect both our net interest income and our ability to acquire our targeted assets in the future on favorable terms or at all. In addition, the deterioration of the mortgage markets, the residential or commercial real estate markets, the financial markets and the economy generally may result in a decline in the market value of our assets or cause us to experience losses related thereto, which may adversely affect our results of operations or book value, the availability and cost of credit and our ability to make distributions to our stockholders.

The downgrade, or perceived potential downgrade, of the credit ratings of the U.S. and the failure to resolve issues related to U.S. fiscal and debt policies may materially adversely affect our business, liquidity, financial condition and results of operations.

In August 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the U.S. from “AAA” to “AA+” due, in part, to concerns surrounding the burgeoning U.S. Government budget deficit. The impact of any further downgrades to the U.S. Government's sovereign credit rating or its perceived creditworthiness could adversely affect the U.S. and global financial markets and economic conditions and would likely impact the credit risk associated with assets in our portfolio, particularly Agency RMBS and Agency CMBS. A downgrade of the U.S. Government's credit rating or a default by the U.S. Government to satisfy its debt obligations likely would create broader financial turmoil and uncertainty, which would weigh heavily on the global banking system and these developments could cause interest rates and borrowing costs to rise and a reduction in the availability of credit, which may negatively impact the value of the assets in our portfolio, our net income, liquidity and our ability to finance our assets on favorable terms.

The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae, Freddie Mac and Ginnie Mae and the U.S. Government, may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our shareholders.

Payments on the Agency RMBS in which we invest are guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae. Fannie Mae and Freddie Mac are GSEs, but their guarantees are not backed by the full faith and credit of the United States. Ginnie Mae, which guarantees mortgage-backed securities (“MBS”) backed by federally insured or guaranteed loans primarily consisting of loans insured by the Federal Housing Administration (the “FHA”) or guaranteed by the Department of Veterans Affairs (“VA”), is part of a U.S. Government agency and its guarantees are backed by the full faith and credit of the United States.

In September 2008, in response to the deteriorating financial condition of Fannie Mae and Freddie Mac, the U.S. Government placed Fannie Mae and Freddie Mac into the conservatorship of the Federal Housing Finance Agency (the “FHFA”), their federal regulator, and required these GSEs to reduce the amount of mortgage loans they own or for which they provide guarantees on Agency RMBS. Shortly after Fannie Mae and Freddie Mac were placed in federal conservatorship, the Secretary of the U.S. Treasury noted that the guarantee structure of Fannie Mae and Freddie Mac required examination and that changes in the structures of the entities were necessary to reduce risk to the financial system. The future roles of Fannie Mae and Freddie Mac could be significantly reduced, and the nature of their guarantees could be considerably limited relative to historical measurements or even eliminated. The substantial financial assistance provided by the U.S. Government to Fannie Mae and Freddie Mac, especially in the course of their being placed into conservatorship and thereafter, together with the substantial financial assistance provided by the U.S. Government to the mortgage-related operations of other GSEs and government agencies, such as the FHA, VA and Ginnie Mae, has stirred debate among many federal policymakers over the continued role of the U.S. Government in providing such financial support for the mortgage-related GSEs in particular, and for the mortgage and housing markets in general. To date, no definitive legislation has been enacted with respect to a possible unwinding of Fannie Mae or Freddie Mac or a material reduction in their roles in the U.S. mortgage market, and it is not possible at this time to predict the scope and nature of the actions that the U.S. Government will ultimately take with respect to these entities.

Fannie Mae, Freddie Mac and Ginnie Mae could each be dissolved, and the U.S. Government could determine to stop providing liquidity support of any kind to the mortgage market. If Fannie Mae, Freddie Mac or Ginnie Mae were eliminated, or their structures were to change radically, or the U.S. Government significantly reduced its support for any or all of them which would drastically reduce the amount and type of MBS available for purchase, we may be unable or significantly limited in our ability to acquire MBS, which, in turn, could materially adversely affect our ability to maintain our exclusion from regulation as an investment company under the Investment Company Act. Moreover, any changes to the nature of the guarantees provided by, or laws affecting, Fannie Mae, Freddie Mac and Ginnie Mae could materially adversely affect the credit quality of the guarantees, could increase the risk of loss on purchases of MBS issued by these GSEs and could have broad adverse market implications for the MBS they currently guarantee and the mortgage industry generally. Any action that affects the credit quality of the guarantees provided by Fannie Mae, Freddie Mac and Ginnie Mae could materially adversely affect the value of the MBS and other assets that we own or seek to acquire. In addition, any market uncertainty that arises from any such proposed changes, or the perception that such changes will come to fruition, could have a similar impact on us and the values of the MBS and other assets that we own.

In addition, we rely on our Agency RMBS as collateral for our financings under certain RMBS repurchase agreements that we have entered into. Any decline in their value, or perceived market uncertainty about their value, would make it more difficult for us to obtain financing on our Agency RMBS on acceptable terms or at all, or to maintain compliance with the terms of any financing transactions.

Uncertainty regarding the London interbank offered rate ("LIBOR") may adversely impact our borrowings and assets.

In July 2017, the U.K. Financial Conduct Authority announced that it would cease to compel banks to participate in setting LIBOR as a benchmark by the end of 2021 (the "LIBOR Transition Date"). It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. The Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions convened by the U.S. Federal Reserve, has recommended the Secured Overnight Financing Rate (“SOFR”) as a more robust reference rate alternative to U.S. dollar LIBOR. SOFR is calculated based on overnight transactions under repurchase agreements, backed by Treasury securities. SOFR is observed and backward looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). SOFR is therefore likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question. As such, the future of LIBOR at this time is uncertain. While we expect LIBOR to be available in substantially its current form until the end of 2021, if sufficient banks decline to make submissions to the LIBOR administrator, it is possible that LIBOR will become unavailable prior to that point. Should that occur, the risks associated with the transition to an alternative reference rate will be accelerated and magnified. Our repurchase agreements, subordinated debt, fixed-to-floating rate preferred stock, interest rate swaps, as well as certain of our floating rate assets , are linked to LIBOR. Before the LIBOR Transition Date, we may need to amend the debt and loan agreements that utilize LIBOR as a factor in determining the interest rate based on a new standard that is established, if any. However, these efforts may not be successful in mitigating the legal and financial risk from changing the reference rate in our legacy agreements. In addition, any resulting differences in interest rate standards among our assets and our financing arrangements may result in interest rate mismatches between our assets and the borrowings used to fund such assets. Furthermore, the transition away from LIBOR may adversely impact our ability to manage and hedge exposures to fluctuations in interest rates using derivative instruments. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have an adverse effect on our business, results of operations, financial condition, and the market price of our common stock.

Risks Related To Our Organization, Our Structure and Other Risks

We may change our investment, financing, or hedging strategies and asset allocation and operational and management policies without stockholder consent, which may result in the purchase of riskier assets, the use of greater leverage or commercially unsound actions, any of which could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

We may change our investment strategy, financing strategy, hedging strategy and asset allocation and operational and management policies at any time without the consent of our stockholders, which could result in our purchasing assets or entering into financing or hedging transactions in which we have no or limited experience with or that are different from, and possibly riskier than the assets, financing and hedging transactions described in this report. A change in our investment strategy, financing strategy or hedging strategy may increase our exposure to real estate values, interest rates, prepayment rates, credit risk and other factors and there can be no assurance that we will be able to effectively identify, manage, monitor or mitigate these risks. A change in our asset allocation or investment guidelines could result in us purchasing assets in classes different from those described in this report. Our Board of Directors determines our operational policies and may amend or revise our policies, including those with respect to our investments, such as our investment guidelines, growth, operations, indebtedness, capitalization and distributions or approve transactions that deviate from these policies without a vote of, or notice to, our stockholders. Changes in our investment strategy, financing strategy, hedging strategy and asset allocation and operational and management policies could materially adversely affect our business, financial condition and results of operations and ability to make distributions to our stockholders.

Moreover, while our Board of Directors periodically reviews our investment guidelines and our investment portfolio, our directors do not approve every individual investment that we make, leaving management with day-to-day discretion over the portfolio composition within the investment guidelines. Within those guidelines, management has discretion to significantly change the composition of the portfolio. In addition, in conducting periodic reviews, the directors may rely primarily on information provided to them by our management. Moreover, because our management has great latitude within our investment guidelines in determining the types and amounts of assets in which to invest on our behalf, there can be no assurance that our management will not make or approve investments that result in returns that are substantially below expectations or result in losses, which would materially adversely affect our business, results of operations, financial condition and ability to make distributions to our stockholders.

We are dependent on certain key personnel.

We are a small company and are substantially dependent upon the efforts of our Chief Executive Officer, Steven R. Mumma, our President, Jason T. Serrano, and certain other key individuals employed by us. The loss of Messrs. Mumma or Serrano or any key personnel of our Company could have a material adverse effect on our operations.

Maintenance of our Investment Company Act exemption imposes limits on our operations.

We have conducted and intend to continue to conduct our operations so as not to become regulated as an investment company under the Investment Company Act. We believe that there are a number of exclusions under the Investment Company Act that are applicable to us. To maintain the exclusion, the assets that we acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated under the Investment Company Act. On August 31, 2011, the SEC published a concept release entitled “Companies Engaged in the Business of Acquiring Mortgages and Mortgage Related Instruments” (Investment Company Act Rel. No. 29778). This release suggests that the SEC may modify the exclusion relied upon by companies similar to us that invest in mortgage loans and mortgage-backed securities. If the SEC acts to narrow the availability of, or if we otherwise fail to qualify for, our exclusion, we could, among other things, be required either (a) to change the manner in which we conduct our operations to avoid being required to register as an investment company or (b) to register as an investment company, either of which could have a material adverse effect on our operations and the market price of our common stock.

Mortgage loan modification programs and future legislative action may adversely affect the value of, and the returns on, our targeted assets.

The U.S. Congress and various state and local legislatures have considered in the past, and in the future may adopt, legislation, which, among other provisions, would permit limited assignee liability for certain violations in the mortgage loan origination process, and would allow judicial modification of loan principal in certain instances. We cannot predict whether or in what form the U.S. Congress or the various state and local legislatures may enact legislation affecting our business or whether any such legislation will require us to change our practices or make changes in our portfolio in the future. Any loan modification program or future legislative or regulatory action, including possible amendments to the bankruptcy laws, which results in the modification of outstanding residential mortgage loans or changes in the requirements necessary to qualify for refinancing mortgage loans with Fannie Mae, Freddie Mac or Ginnie Mae, may adversely affect the value of, and the returns on, our assets which, in turn, could materially adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

We could be subject to liability for potential violations of predatory lending laws, which could materially adversely affect our business, financial condition and results of operations, and our ability to make distributions to our stockholders.

Residential mortgage loan originators and servicers are required to comply with various federal, state and local laws and regulations, including anti-predatory lending laws and laws and regulations imposing certain restrictions on requirements on high cost loans. Failure of residential mortgage loan originators or servicers to comply with these laws, to the extent any of their residential mortgage loans become part of our investment portfolio, could subject us, as an assignee or purchaser of the related residential mortgage loans, to reputational harm, monetary penalties and the risk of the borrowers rescinding the affected residential mortgage loans. Lawsuits have been brought in various states making claims against assignees or purchasers of high cost loans for violations of state law. Named defendants in these cases have included numerous participants within the secondary mortgage market. If loans in our portfolio are found to have been originated in violation of predatory or abusive lending laws, we could incur losses that would materially adversely affect our business.

Our business is subject to extensive regulation.

Our business and many of the assets that we invest in, particularly residential mortgage loans and mortgage-related assets, are subject to extensive regulation by federal and state governmental authorities, self-regulatory organizations and securities exchange for which we incur significant ongoing compliance costs. The laws, rules and regulations comprising this regulatory framework change frequently, as can the interpretation and enforcement of existing laws, rules and regulations. Some of the laws, rules and regulations to which we are subject, including the Dodd-Frank Act and various predatory lending laws, are intended primarily to safeguard and protect consumers, rather than stockholders or creditors. We are unable to predict whether United States federal, state or local authorities, or other pertinent bodies, will enact legislation, laws, rules, regulations, handbooks, guidelines or similar provisions that will affect our business or require changes in our practices in the future, and any such changes could materially and adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Certain provisions of Maryland law and our charter and bylaws could hinder, delay or prevent a change in control which could have an adverse effect on the value of our securities.

Certain provisions of Maryland law, our charter and our bylaws may have the effect of delaying, deferring or preventing transactions that involve an actual or threatened change in control. These provisions include the following, among others:

- our charter provides that, subject to the rights of one or more classes or series of preferred stock to elect one or more directors, a director may be removed with or without cause only by the affirmative vote of holders of at least two-thirds of all votes entitled to be cast by our stockholders generally in the election of directors;
- our bylaws provide that only our Board of Directors shall have the authority to amend our bylaws;
- under our charter, our Board of Directors has authority to issue preferred stock from time to time, in one or more series and to establish the terms, preferences and rights of any such series, all without the approval of our stockholders;
- the Maryland Business Combination Act; and
- the Maryland Control Share Acquisition Act.

Although our Board of Directors has adopted a resolution exempting us from application of the Maryland Business Combination Act and our bylaws provide that we are not subject to the Maryland Control Share Acquisition Act, our Board of Directors may elect to make the “business combination” statute and “control share” statute applicable to us at any time and may do so without stockholder approval.

The stock ownership limit imposed by our charter may inhibit market activity in our common stock and may restrict our business combination opportunities.

In order for us to maintain our qualification as a REIT under the Internal Revenue Code, not more than 50% in value of the issued and outstanding shares of our capital stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) at any time during the last half of each taxable year (other than our first year as a REIT). This test is known as the "5/50 test." Attribution rules in the Internal Revenue Code apply to determine if any individual or entity actually or constructively owns our capital stock for purposes of this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of each taxable year (other than our first year as a REIT). To help ensure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock. Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and provides that, unless exempted by our Board of Directors, no person may own more than 9.9% in value of the aggregate of the outstanding shares of our capital stock or more than 9.9% in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of common stock. The ownership limits contained in our charter could delay or prevent a transaction or a change in control of our company under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then current market price for our common stock or would otherwise be in the best interests of our stockholders.

Investing in our securities involves a high degree of risk.

The investments we make in accordance with our investment strategy result in a higher degree of risk or loss of principal than many alternative investment options. Our investments may be highly speculative and aggressive, and therefore, an investment in our securities may not be suitable for someone with lower risk tolerance.

The market price and trading volume of our securities may be volatile.

The market price of our securities may be volatile and subject to wide fluctuations. In addition, the trading volume in our securities may fluctuate and cause significant price variations to occur. Some of the factors that could result in fluctuations in the price or trading volume of our securities include, among other things: actual or anticipated changes in our current or future financial performance or capitalization; actual or anticipated changes in our current or future dividend yield; and changes in market interest rates and general market and economic conditions. We cannot assure you that the market price of our securities will not fluctuate or decline significantly.

We have not established a minimum dividend payment level for our common stockholders and there are no assurances of our ability to pay dividends to common or preferred stockholders in the future.

We intend to pay quarterly dividends and to make distributions to our common stockholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. We have not established a minimum dividend payment level for our common stockholders and our ability to pay dividends may be harmed by the risk factors described herein. All distributions to our common stockholders will be made at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our Board of Directors may deem relevant from time to time. There are no assurances of our ability to pay dividends to our common or preferred stockholders in the future at the current rate or at all.

Future offerings of debt securities, which would rank senior to our common stock and preferred stock upon our liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock and, in certain circumstances, our preferred stock.

We may seek to increase our capital resources by making offerings of debt or additional offerings of equity securities, including commercial paper, medium-term notes, senior or subordinated notes, convertible notes and classes of preferred stock or common stock. Upon liquidation, holders of our debt securities and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our preferred stock and common stock, with holders of our preferred stock having priority over holders of our common stock. Additional offerings of equity or other securities with an equity component, such as convertible notes, may dilute the holdings of our existing stockholders or reduce the market price of our equity securities or other securities with an equity component, or both. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our securities bear the risk of our future offerings reducing the market price of our securities and diluting their stock holdings in us.

Your interest in us may be diluted if we issue additional shares.

Current stockholders of our company do not have preemptive rights to any common stock issued by us in the future. Therefore, our common stockholders may experience dilution of their equity investment if we sell additional common stock in the future, sell securities that are convertible into common stock or issue shares of common stock or options exercisable for shares of common stock. In addition, we could sell securities at a price less than our then-current book value per share.

An increase in interest rates may have an adverse effect on the market price of our securities and our ability to make distributions to our stockholders.

One of the factors that investors may consider in deciding whether to buy or sell our securities is our dividend rate (or expected future dividend rates) as a percentage of our common stock price, relative to market interest rates. If market interest rates increase, prospective investors may demand a higher dividend rate on our shares or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and capital market conditions can affect the market price of our securities independent of the effects such conditions may have on our portfolio.

Tax Risks

Failure to qualify as a REIT would adversely affect our operations and ability to make distributions.

We have operated and intend to continue to operate so to qualify as a REIT for U.S. federal income tax purposes. Our continued qualification as a REIT will depend on our ability to meet various requirements concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income, and the amount of our distributions to our stockholders. In order to satisfy these requirements, we might have to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our investment performance. Moreover, while we intend to continue to operate so to qualify as a REIT for U.S. federal income tax purposes, given the highly complex nature of the rules governing REITs, there can be no assurance that we will so qualify in any taxable year.

If we fail to qualify as a REIT in any taxable year and we do not qualify for certain statutory relief provisions, we would be subject to U.S. federal income tax on our taxable income at regular corporate rates. We might be required to borrow funds or liquidate some investments in order to pay the applicable tax. Our payment of income tax would reduce our net earnings available for investment or distribution to stockholders. Furthermore, if we fail to qualify as a REIT and do not qualify for certain statutory relief provisions, we would no longer be required to make distributions to stockholders. Unless our failure to qualify as a REIT were excused under the U.S. federal income tax laws, we generally would be disqualified from treatment as a REIT for the four taxable years following the year in which we lost our REIT status.

REIT distribution requirements could adversely affect our liquidity.

In order to qualify as a REIT, we generally are required each year to distribute to our stockholders at least 90% of our REIT taxable income, excluding any net capital gain and without regard to the deduction for dividends paid. To the extent that we distribute at least 90%, but less than 100% of our REIT taxable income, we will be subject to corporate income tax on our undistributed REIT taxable income. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which certain distributions paid by us with respect to any calendar year are less than the sum of (i) 85% of our ordinary REIT income for that year, (ii) 95% of our REIT capital gain net income for that year, and (iii) 100% of our undistributed REIT taxable income from prior years.

We have made and intend to continue to make distributions to our stockholders to comply with the 90% distribution requirement and to avoid corporate income tax and the nondeductible excise tax. However, differences in timing between the recognition of REIT taxable income and the actual receipt of cash could require us to sell assets or to borrow funds on a short-term basis to meet the 90% distribution requirement and to avoid corporate income tax and the nondeductible excise tax.

Certain of our assets may generate substantial mismatches between REIT taxable income and available cash. Such assets could include mortgage-backed securities we hold that have been issued at a discount and require the accrual of taxable income in advance of the receipt of cash. As a result, our taxable income may exceed our cash available for distribution and the requirement to distribute a substantial portion of our net taxable income could cause us to:

- sell assets in adverse market conditions;

- borrow on unfavorable terms; or

- distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt in order to comply with the REIT distribution requirements.

Further, our lenders could require us to enter into negative covenants, including restrictions on our ability to distribute funds or to employ leverage, which could inhibit our ability to satisfy the 90% distribution requirement.

We may satisfy the 90% distribution test with taxable distributions of our stock or debt securities. Revenue Procedure 2017-45 authorized elective cash/stock dividends to be made by publicly offered REITs (i.e., REITs that are required to file annual and periodic reports with the SEC under the Exchange Act). Pursuant to Revenue Procedure 2017-45, the IRS will treat the distribution of stock pursuant to an elective cash/stock dividend as a distribution of property under Section 301 of the Code (i.e., a dividend), as long as at least 20% of the total dividend is available in cash and certain other parameters detailed in the Revenue Procedure are satisfied. Although we have no current intention of paying dividends in our own stock, if in the future we choose to pay dividends in our own stock, our stockholder may be required to pay tax in excess of the cash that they receive.

Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations.

The maximum U.S. federal income tax rate for dividends payable to domestic stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, are generally not eligible for the reduced rates. Rather, under the Tax Cuts and Jobs Act (the “TCJA”), ordinary REIT dividends constitute “qualified business income” and thus a 20% deduction is available to individual taxpayers with respect to such dividends, resulting in a 29.6% maximum U.S. federal income tax rate (plus the 3.8% surtax on net investment income, if applicable) for individual U.S. stockholders. Without further legislative action, the 20% deduction applicable to ordinary REIT dividends will expire on January 1, 2026. However, to qualify for this deduction, the stockholder receiving such dividends must hold the dividend-paying REIT stock for at least 46 days (taking into account certain special holding period rules) of the 91-day period beginning 45 days before the stock becomes ex-dividend, and cannot be under an obligation to make related payments with respect to a position in substantially similar or related property. The more favorable rates applicable to regular corporate qualified dividends could cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

Complying with REIT requirements may cause us to forego or liquidate otherwise attractive investments.

To qualify as a REIT, we must continually satisfy various tests regarding the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common stock. In order to meet these tests, we may be required to forego investments we might otherwise make. We may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source of income or asset diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our investment performance.

Complying with REIT requirements may limit our ability to hedge effectively.

The REIT provisions of the Code substantially limit our ability to hedge the RMBS in our investment portfolio. Any income that we generate from transactions intended to hedge our interest rate or currency risks will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if (i) the instrument hedges risk of interest rate or currency fluctuations on indebtedness incurred or to be incurred to carry or acquire real estate assets, (ii) the instrument hedges risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the REIT 75% or 95% gross income tests, or (iii) the instrument was entered into to "offset" certain instruments described in clauses (i) or (ii) and certain other requirements are satisfied (including proper identification of such instrument under applicable Treasury Regulations). Income from hedging transactions that do not meet these requirements is likely to constitute nonqualifying income for purposes of both the REIT 75% and 95% gross income tests. Our aggregate gross income from non-qualifying hedges, fees, and certain other non-qualifying sources cannot exceed 5% of our annual gross income. As a result, we might have to limit our use of advantageous hedging techniques or implement those hedges through a TRS. Any hedging income earned by a TRS would be subject to U.S. federal, state and local income tax at regular corporate rates. This could increase the cost of our hedging activities or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear.

The failure of certain investments subject to a repurchase agreement to qualify as real estate assets would adversely affect our ability to qualify as a REIT.

We have entered, and intend to continue to enter, into repurchase agreements under which we will nominally sell certain of our investments to a counterparty and simultaneously enter into an agreement to repurchase the sold investments. We believe that for U.S. federal income tax purposes these transactions will be treated as secured debt and we will be treated as the owner of the investments that are the subject of any such agreement notwithstanding that such agreement may transfer record ownership of such investments to the counterparty during the term of the agreement. It is possible, however, that the IRS could successfully assert that we do not own the investments during the term of the repurchase agreement, in which case our ability to continue to qualify as a REIT could be adversely affected.

We could fail to continue to qualify as a REIT if the IRS successfully challenges our treatment of our mezzanine loans.

We currently own, and in the future may originate or acquire, mezzanine loans, which are loans secured by equity interests in an entity that directly or indirectly owns real property, rather than by a direct mortgage of the real property. In Revenue Procedure 2003-65, the IRS established a safe harbor under which loans secured by a first priority security interest in ownership interests in a partnership or limited liability company owning real property will be treated as real estate assets for purposes of the REIT asset tests, and interest derived from those loans will be treated as qualifying income for both the 75% and 95% gross income tests, provided several requirements are satisfied. Although Revenue Procedure 2003-65 provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. Moreover, our mezzanine loans typically do not meet all of the requirements for reliance on the safe harbor. Consequently, there can be no assurance that the IRS will not challenge our treatment of such loans as qualifying real estate assets, which could adversely affect our ability to continue to qualify as a REIT. We have invested, and will continue to invest, in mezzanine loans in a manner that will enable us to continue to satisfy the REIT gross income and asset tests.

We may incur a significant tax liability as a result of selling assets that might be subject to the prohibited transactions tax if sold directly by us.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of assets held primarily for sale to customers in the ordinary course of business. There is a risk that certain loans that we are treating as owned for U.S. federal income tax purposes and property received upon foreclosure of these loans will be treated as held primarily for sale to customers in the ordinary course of business. Although we expect to avoid the prohibited transactions tax by contributing those assets to one of our TRSs and conducting the marketing and sale of those assets through that TRS, no assurance can be given that the IRS will respect the transaction by which those assets are contributed to our TRS. Even if those contribution transactions are respected, our TRS will be subject to U.S. federal, state and local corporate income tax and may incur a significant tax liability as a result of those sales.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

The TCJA made significant changes to the U.S. federal income tax rules for taxation of individuals and corporations. In the case of individuals, the tax brackets were adjusted, the top federal income rate was reduced to 37%, special rules reduced taxation of certain income earned through pass-through entities and reduced the top effective rate applicable to ordinary dividends from REITs to 29.6% (through a 20% deduction for ordinary REIT dividends received) and various deductions were eliminated or limited, including a limitation on the deduction for state and local taxes to $10,000 per year. Most of the changes applicable to individuals are temporary and apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The top corporate income tax rate was reduced to 21%. There were only minor changes to the REIT rules (other than the 20% deduction applicable to individuals for ordinary REIT dividends received). The TCJA made numerous other large and small changes to the tax rules that do not affect REITs directly but may affect our stockholders and may indirectly affect us. For example, the TCJA amended the rules for accrual of income so that income is taken into account no later than when it is taken into account on “applicable financial statements”, even if financial statements take such income into account before it would accrue under the original issue discount rules, market discount rules or other Code rules. Such rule may cause us to recognize income before receiving any corresponding receipt of cash. In addition, the TCJA reduced the limit for individuals' mortgage interest expense to interest on $750,000 of mortgages and does not permit deduction of interest on home equity loans (after grandfathering all existing mortgages). Such changes, and the reduction in deductions for state and local taxes (including property taxes), may adversely affect the residential mortgage markets in which we invest.

Prospective stockholders are urged to consult with their tax advisors with respect to the TCJA and any other regulatory or administrative developments and proposals and their potential effect on investment in our common stock.

Item 1B. ***UNRESOLVED STAFF COMMENTS***

None.

Item 2. ***PROPERTIES***

The Company does not own any materially important physical properties; however, it does have residential homes (or real estate owned) that it acquires, from time to time, through or in lieu of foreclosures on mortgage loans. As of December 31, 2019, our principal executive and administrative offices are located in leased space at 90 Park Avenue, Floor 23, New York, New York 10016. We also maintain offices in Charlotte, North Carolina and Woodland Hills, California.

Item 3. ***LEGAL PROCEEDINGS***

We are at times subject to various legal proceedings arising in the ordinary course of our business. As of the date of this Annual Report on Form 10-K, we do not believe that any of our current legal proceedings, individually or in the aggregate, will have a material adverse effect on our operations, financial condition or cash flows.

Item 4. ***MINE SAFETY DISCLOSURES***

Not applicable.

PART II

Item 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Our common stock is traded on the NASDAQ Global Select Market under the trading symbol "NYMT". As of December 31, 2019, we had 291,371,039 shares of common stock outstanding and there were approximately 60 holders of record of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.

We intend to continue to pay quarterly dividends to holders of shares of our common stock. Future distributions will be at the discretion of our Board of Directors and will depend on our earnings and financial condition, maintenance of our REIT qualification, restrictions on making distributions under Maryland law and such other factors as our Board of Directors deems relevant.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information as of December 31, 2019 with respect to compensation plans under which equity securities of the Company are authorized for issuance. The Company has no such plans that were not approved by security holders.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plan
Equity compensation plans approved by security holders	3,060,958	$ —	9,053,166

Performance Graph

The following line graph sets forth, for the period from December 31, 2014 through December 31, 2019, a comparison of the percentage change in the cumulative total stockholder return on the Company's common stock compared to the cumulative total return of the Russell 2000 Index and the FTSE National Association of Real Estate Investment Trusts Mortgage REIT ("FTSE NAREIT Mortgage REITs") Index. The graph assumes (i) that the value of the investment in the Company's common stock and each of the indices were $100 as of December 31, 2014 and (ii) the reinvestment of all dividends.

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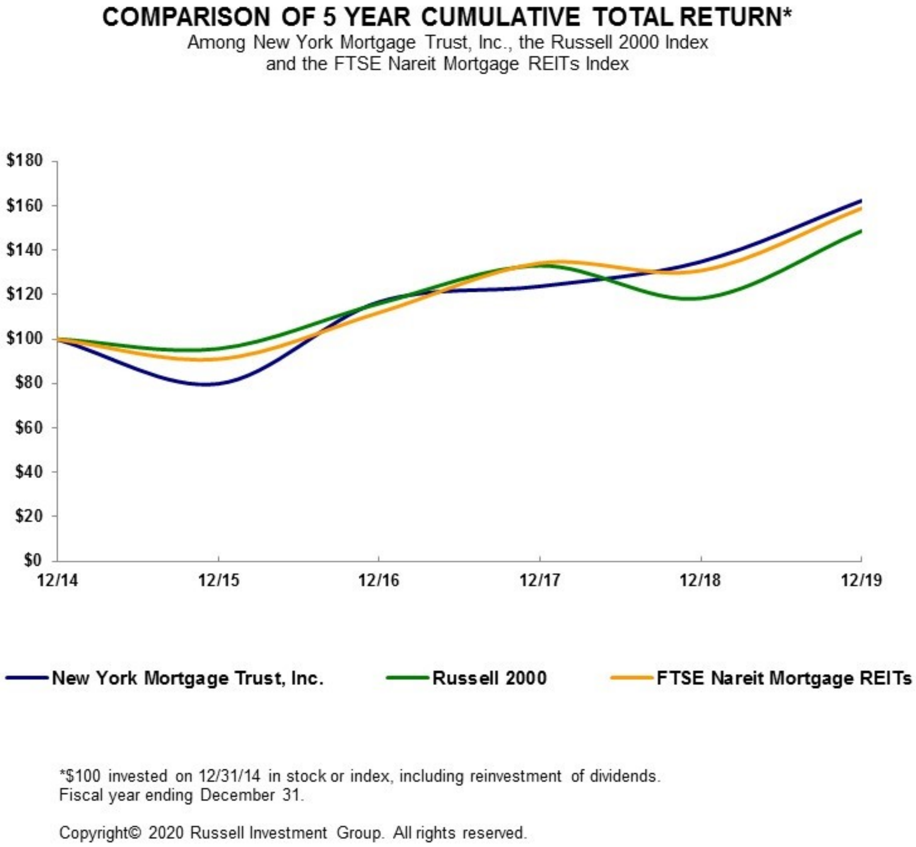

The foregoing graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act or under the Exchange Act, except to the extent we specifically incorporate this information by reference, and shall not otherwise by deemed "filed" with the SEC or deemed "soliciting material" under those acts.

Item 6. ***SELECTED FINANCIAL DATA***

The following table sets forth our selected historical operating and financial data. The selected historical operating and balance sheet data for the years ended and as of December 31, 2019, 2018, 2017, 2016 and 2015 have been derived from our historical financial statements.

The information presented below is only a summary and does not provide all of the information contained in our historical consolidated financial statements, including the related notes. You should read the information below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements, including the related notes (amounts in thousands, except per share data):

Selected Statement of Operations Data:

	For the Years Ended December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
Interest income	$ 694,614	$ 455,799	$ 366,087	$ 319,306	$ 336,768
Interest expense	566,750	377,071	308,101	254,668	260,651
Net interest income	127,864	78,728	57,986	64,638	76,117
Non-interest income	94,448	66,480	75,013	41,238	45,911
General, administrative and operating expenses	49,835	41,470	41,077	35,221	39,480
Net income attributable to Company's common stockholders	144,835	79,186	76,320	54,651	67,023
Basic earnings per common share	$ 0.65	$ 0.62	$ 0.68	$ 0.50	$ 0.62
Diluted earnings per common share	$ 0.64	$ 0.61	$ 0.66	$ 0.50	$ 0.62
Dividends declared per common share	$ 0.80	$ 0.80	$ 0.80	$ 0.96	$ 1.02
Weighted average shares outstanding-basic	221,380	127,243	111,836	109,594	108,399
Weighted average shares outstanding-diluted	242,596	147,450	130,343	109,594	108,399

Selected Balance Sheet Data:

	As of December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
Investment securities, available for sale, at fair value	$ 2,006,140	$ 1,512,252	$ 1,413,081	$ 818,976	$ 765,454
Distressed and other residential mortgage loans, at fair value	1,429,754	737,523	87,153	17,769	946
Distressed and other residential mortgage loans, net	202,756	285,261	405,284	598,238	678,910
Investments in unconsolidated entities	189,965	73,466	51,143	79,259	87,662
Preferred equity and mezzanine loan investments	180,045	165,555	138,920	100,150	44,151
Multi-family loans held in securitization trusts, at fair value	17,816,746	11,679,847	9,657,421	6,939,844	7,105,336
Residential mortgage loans held in securitization trust, at fair value	1,328,886	—	—	—	—
Total assets [(1)]	23,483,369	14,737,638	12,056,285	8,951,631	9,056,242
Repurchase agreements	3,105,416	2,131,505	1,425,981	965,561	789,568
Multi-family collateralized debt obligations, at fair value	16,724,451	11,022,248	9,189,459	6,624,896	6,818,901
Residential collateralized debt obligations, at fair value	1,052,829	—	—	—	—
Residential collateralized debt obligations	40,429	53,040	70,308	91,663	116,710
Convertible notes	132,955	130,762	128,749	—	—
Subordinated debentures	45,000	45,000	45,000	45,000	45,000
Securitized debt	—	42,335	81,537	158,867	116,541
Total liabilities [(1)]	21,278,340	13,557,345	11,080,284	8,100,469	8,175,716
Total equity	2,205,029	1,180,293	976,001	851,162	880,526

(1) Our consolidated balance sheets include assets and liabilities of Consolidated VIEs, as the Company is the primary beneficiary of these VIEs. As of December 31, 2019, 2018, 2017, 2016, and 2015, assets of the Company's Consolidated VIEs totaled $19,270,384, $11,984,374, $10,041,468, $7,330,872 and $7,412,093 respectively, and the liabilities of these Consolidated VIEs totaled $17,878,314, $11,191,736, $9,436,421, $6,902,536, and $7,077,175 respectively. See Note 9 of our consolidated financial statements included in this Annual Report for further discussion.

Item 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

General

We are a real estate investment trust ("REIT") for U.S. federal income tax purposes, in the business of acquiring, investing in, financing and managing mortgage-related and residential housing-related assets. Our objective is to deliver long-term stable distributions to our stockholders over changing economic conditions through a combination of net interest margin and capital gains from a diversified investment portfolio. Our investment portfolio includes credit assets, including investments sourced from distressed markets that create the potential for capital gains, as well as more traditional types of fixed-income investments that provide coupon income and we believe provide downside protection.

Our investment portfolio includes (i) multi-family credit assets, such as multi-family CMBS (excluding Agency CMBS) and preferred equity in, and mezzanine loans to, owners of multi-family properties, (ii) single-family credit assets, such as residential mortgage loans, including distressed residential mortgage loans, non-QM loans, second mortgages, residential bridge loans and other residential mortgage loans, and non-Agency RMBS, (iii) Agency securities such as Agency RMBS and Agency CMBS and (iv) certain other mortgage-, residential housing- and credit-related assets. Subject to maintaining our qualification as a REIT and the maintenance of our exclusion from registration as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), we also may opportunistically acquire and manage various other types of mortgage-, residential housing- and other credit-related assets that we believe will compensate us appropriately for the risks associated with them, including, without limitation, collateralized mortgage obligations, mortgage servicing rights, excess mortgage servicing spreads and securities issued by newly originated securitizations, including credit sensitive securities from these securitizations.

We intend to maintain our focus on expanding our portfolio of single-family and multi-family credit assets, which we believe will benefit from improving credit metrics. In periods where we have working capital in excess of our short-term liquidity needs, we may invest the excess in more liquid assets such as Agency CMBS and Agency RMBS, until such time as we are able to re-invest that capital in credit assets that meet our underwriting requirements. Our investment and capital allocation decisions depend on prevailing market conditions, among other factors, and may change over time in response to opportunities available in different economic and capital market environments.

We seek to achieve a balanced and diverse funding mix to finance our assets and operations. We currently rely primarily on a combination of short-term borrowings, such as repurchase agreements with terms typically of 30-90 days, longer term repurchase agreement borrowings with terms between one year and 24 months and longer term financings, such as securitizations and convertible notes, with terms longer than one year.

Business Update

Our credit-focused investment portfolio continued to grow in the year ended December 31, 2019 as we funded the acquisition of single-family and multi-family credit assets with proceeds from underwritten public offerings of our common stock and preferred stock, our at-the-market preferred equity offering programs and repurchase agreement financing.

The following table presents the activity for our investment portfolio for the year ended December 31, 2019 (dollar amounts in thousands):

	December 31, 2018	Acquisitions	Runoff [1]	Sales	Other [2]	December 31, 2019
Investment securities						
Agency securities						
Agency RMBS [3]	$ 1,037,730	$ 21,460	$ (167,599)	$ —	$ 31,286	$ 922,877
Agency CMBS [3]	—	51,387	(50)	—	(379)	50,958
Total agency securities	1,037,730	72,847	(167,649)	—	30,907	973,835
CMBS	260,485	110,611	(25,574)	(96,930)	19,185	267,777
Non-Agency RMBS	214,037	522,429	(34,178)	(1,021)	14,047	715,314
ABS	—	47,847	—	—	1,367	49,214
Total investment securities, available for sale	1,512,252	753,734	(227,401)	(97,951)	65,506	2,006,140
Consolidated SLST [4]	—	277,339	(811)	—	242	276,770
Consolidated K-Series [5]	657,599	346,235	(831)	—	89,292	1,092,295
Total investment securities	2,169,851	1,377,308	(229,043)	(97,951)	155,040	3,375,205
Distressed and other residential mortgage loans	1,022,784	829,519	(200,887)	(71,013)	52,107	1,632,510
Preferred equity investments, mezzanine loans and investments in unconsolidated entities	239,021	163,883	(55,866)	—	22,972	370,010
Other investments [6]	25,472	2,617	(4,432)	(6,979)	192	16,870
Totals	$ 3,457,128	$ 2,373,327	$ (490,228)	$ (175,943)	$ 230,311	$ 5,394,595

(1) Primarily includes principal repayments, preferred equity redemptions and joint venture investment redemptions.
(2) Primarily includes changes in fair value, net premium amortization/discount accretion, preferred return or interest deferral, payments made on mortgages and notes payable in Consolidated VIEs and losses incurred on real estate under development in a Consolidated VIE.
(3) Agency RMBS and Agency CMBS issued by Consolidated SLST and the Consolidated K-Series, respectively, are included in [4] and [5] below, respectively.
(4) Consolidated SLST is presented on our consolidated balance sheets as of December 31, 2019 as residential loans held in securitization trust, at fair value and residential collateralized debt obligations, at fair value. A reconciliation to our consolidated financial statements as of December 31, 2019 follows (dollar amounts in thousands):

	December 31, 2019
Residential loans held in securitization trust, at fair value	$ 1,328,886
Deferred interest [a]	713
Less: Residential collateralized debt obligations, at fair value	(1,052,829)
Consolidated SLST investment securities owned by NYMT	$ 276,770

(a) Included in receivables and other assets on our consolidated balance sheets.

(5) The Consolidated K-Series are presented on our consolidated balance sheets as multi-family loans held in securitization trusts, at fair value and multi-family collateralized debt obligations, at fair value. A reconciliation to our consolidated financial statements as of December 31, 2018 and 2019, respectively, follows (dollar amounts in thousands):

	December 31, 2018	December 31, 2019
Multi-family loans held in securitization trusts, at fair value	$ 11,679,847	$ 17,816,746
Less: Multi-family collateralized debt obligations, at fair value	(11,022,248)	(16,724,451)
Consolidated K-Series investment securities owned by NYMT	$ 657,599	$ 1,092,295

(6) Includes the following balances as of December 31, 2018 and 2019, respectively (dollar amounts in thousands):

	December 31, 2018	December 31, 2019
Real estate held for sale in consolidated variable interest entities	$ 29,704	$ —
Real estate under development in consolidated variable interest entities	22,001	14,464
Less: Mortgages and notes payable in consolidated variable interest entities	(31,227)	—
Other loan investments	4,994	2,406
Other investments	$ 25,472	$ 16,870

Our single-family credit investment strategy is presently focused on mortgage credit and also consists of two primary investment strategies. We invest in distressed, performing, and other residential mortgage loans and residential bridge loans either in loan form or securities backed by these loans. Consistent with this strategy, we acquired an aggregate of $829.5 million of residential mortgage loans and $773.4 million of non-Agency RMBS during the year ended December 31, 2019, which includes $251.0 million in first loss subordinated securities and certain IO securities issued by a Freddie Mac-sponsored residential mortgage loan securitization, which we refer to as Consolidated SLST.

To date, we have not pursued vertical integration into a mortgage origination platform to acquire new originations in the residential loan market as we presently believe it is more important to maintain the flexibility to move among markets to better locate compelling opportunities and invest where attractively-priced risk can be sourced from a large selection of sellers. We feel that a market position where we are not viewed as a competitive threat and instead offer the market liquidity with certain mortgage characteristics, positions us to see unique investment opportunities in the sector. With a deep credit understanding of the residential loan markets, we can move quickly in various sub-sectors, such as in sub-performing or credit-impaired loans to unlock value.

In multi-family credit investments, we presently focus on two strategies. We have continued to invest in first loss POs and other securities issued by Freddie Mac-sponsored multi-family loan K-Series securitizations where our asset management team can monitor the performance of the underlying collateral and, if needed, participate in the workouts of problem loans. In 2019, we purchased first loss POs and other securities from five K-Series securitizations totaling $346.2 million. Our second strategy is to source preferred equity and mezzanine loan investments in entities that own multi-family properties in private transactions away from the broader markets through our relationships with developers and owners. In 2019, we funded 18 such investments aggregating approximately $113.9 million.

The market experienced general spread tightening in 2019, which benefited our single-family and multi-family credit portfolios. While lower interest rates and increased prepayment speeds negatively impacted our Agency RMBS portfolio, it had the opposite effect on our single-family credit loan portfolio as prepayments monetize the discount at which we purchased the loans, providing for higher investment return.

The Company's relative allocation to Agency Securities declined over the years as the opportunity became less compelling relative to other strategies of focus. Today, the Company primarily uses Agency Securities as an incubator to redeploy capital into credit assets. New investment allocation is currently focused on Agency CMBS, as the Company is protected against negative convexity risk.

During 2019, we successfully accessed the capital markets with six public common stock offerings, one public preferred stock offering and our at-the-market common and preferred equity programs, raising total net proceeds of $1.0 billion. Our book value per common share increased by $0.13 per common share in the year ended December 31, 2019 while we continued to pay dividends of $0.20 per common share per quarter during 2019. As of December 31, 2019, our $5.4 billion investment portfolio was financed with borrowings representing 1.5 times our total stockholders’ equity. We believe our utilization of a conservative leverage strategy will enable us to better preserve book value over future quarters and to take advantage of market dislocations.

Current Market Conditions and Commentary

The results of our business operations are affected by a number of factors, many of which are beyond our control, and primarily depend on, among other things, the level of our net interest income, the market value of our assets, which is driven by numerous factors including the supply and demand for mortgage, housing and credit assets in the marketplace, the terms and availability of adequate financing, general economic and real estate conditions (both on a national and local level), the impact of government actions on the real estate and mortgage industries, and the credit performance of our credit sensitive assets. The market conditions discussed below significantly influence our investment strategy and results:

Overview. The 2019 fiscal year was marked by continued U.S. economic growth, continued sluggish growth in several other developed countries, low inflation, continued labor market expansion, easing monetary policy and increased consumer confidence late in the year, which in turn contributed to low inflation, strong labor markets and moderately positive housing sector data. After experiencing in 2018 their worst annual performance since 2008, U.S. equity markets bounced back strongly in 2019 with the S&P 500 posting a 28.9% gain over the prior year. The interest rate environment experienced volatility during of 2019, with the Treasury curve remaining mostly flat during the first half of 2019 before inverting for a short period during the third quarter of 2019 and then increasing sharply during the fourth quarter of 2019 with the spread between the 2-Year U.S. Treasury yield and the 10-Year U.S. Treasury yield closing at 34 basis points on December 31, 2019, up 18 basis points from January 2, 2019.

Select U.S. Economic Data. Although U.S. economic data released over the past quarter suggests that the U.S. economy has continued to expand, the U.S. economy grew at a slower pace in 2019 as compared to 2018, with real gross domestic product (“GDP”) expanding by 2.3% for full year 2019, versus 2.9% for full year 2018. According to the minutes of the Federal Reserve’s December 2019 meeting, Federal Reserve policymakers expect the GDP growth rate to slow in 2020 with a median projection for GDP growth at or slightly above 1.9%, while projecting a deceleration in GDP growth in 2021 and 2022.

The U.S. labor market continued its expansion in 2019. According to the U.S. Department of Labor, the U.S. unemployment rate fell from 3.9% as of the end of December 2018 to 3.5% as of the end of December 2019, while total nonfarm payroll employment posted an average monthly increase of 173,000 jobs in 2019, down from an average monthly increase of 223,000 jobs in 2018. Although the pace of the labor market expansion slowed some in 2019, average hourly earnings for all employees of private nonfarm payrolls increased by 2.9% during 2019.

Federal Reserve and Monetary Policy. In view of realized and expected labor market conditions, economic activity and inflation, the Federal Reserve decided to lower the target range for the federal funds rate by 25 basis points in each of July 2019, September 2019 and October 2019. In January 2020 and December 2019, the Federal Reserve decided to leave the federal funds rate unchanged. The Federal Reserve indicated that in determining the size and timing of future adjustments to the target range for the federal funds rate, it will assess “realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective.” Significant uncertainty with respect to the timing at which the Federal Reserve will adjust the target range for the federal funds rate continues to persist and may result in significant volatility during 2020 and future periods. Greater uncertainty frequently leads to wider asset spreads or lower prices and higher hedging costs.

Single-Family Homes and Residential Mortgage Market. After experiencing decelerating growth in price increases during most of 2019, the residential real estate market displayed signals of modestly accelerating growth during November 2019. Data released by S&P Indices for its S&P/Case-Shiller Home Price Indices for November 2019 showed that, on average, home prices increased 2.6% for the 20-City Composite over November 2019, up from 2.2% from the previous month. In addition, according to data provided by the U.S. Department of Commerce, privately-owned housing starts for single-family homes averaged a seasonally adjusted annual rate of 973,000 and 894,000 for the quarter and year ended December 31, 2019, respectively, as compared to an annual rate of 868,000 for the year ended December 31, 2018. Declining single-family housing fundamentals may adversely impact the overall credit profile of our existing portfolio of single-family residential credit investments, but also may result in a more attractive new investment environment.

Multi-family Housing. Apartments and other residential rental properties continued to perform well in 2019. According to data provided by the U.S. Department of Commerce, starts on multi-family homes containing five units or more averaged a seasonally adjusted annual rate of 452,000 and 390,000 for the quarter and year ended December 31, 2019, as compared to 362,000 for the full year 2018. Although supply expansion remained solid in 2019, vacancy concerns among multi-family industry participants eased during 2019. According to the Multifamily Vacancy Index (“MVI”), which is produced by the National Association of Home Builders and surveys the multi-family housing industry’s perception of vacancies, the MVI was at 40 for the third quarter of 2019, consistent with the second quarter of 2019. The MVI was at 48 for the first quarter of 2019 and 45 for the fourth quarter of 2018. Strength in the multi-family housing sector has contributed to valuation improvements for multi-family properties and, in turn, many of the structured multi-family investments that we own.

Credit Spreads. Although credit spreads generally tightened throughout much of 2019, credit spreads widened during the fourth quarter of 2019. However, credit spreads for residential and multi-family credit assets generally remained tight during 2019 and this had a positive impact on the value of many of our credit sensitive assets. Tightening credit spreads generally increase the value of many of our credit sensitive assets while widening credit spreads generally decrease the value of these assets.

Financial markets. During 2019, the bond market experienced volatility with the closing yield of the 10-year U.S. Treasury Note dropping from 2.66% on January 2, 2019 to as low as 1.47% on September 4, 2019, and closing at 1.92% on December 31, 2019. Overall interest rate volatility tends to increase the costs of hedging and may place downward pressure on some of our strategies. During the second half of 2019, the Treasury curve initially decreased and even inverted for a short period during the third quarter of 2019 and then expanded with the spread between the 2-Year U.S. Treasury yield and the 10-Year U.S. Treasury yield closing at 34 basis points on December 31, 2019, up 9 basis points from June 28, 2019. As of January 31, 2020, the spread between the 2-Year U.S. Treasury yield and the 10-Year U.S. Treasury yield was 18 basis points. This spread is important as it is indicative of opportunities for investing in levered assets. Increases in interest rates raises the costs of many of our liabilities, while overall interest rate volatility generally increases the costs of hedging.

Developments at Fannie Mae and Freddie Mac. Payments on the Agency fixed-rate RMBS, Agency ARMs RMBS and Agency CMBS in which we invest are guaranteed by Fannie Mae and Freddie Mac. In addition, , all of our multi-family CMBS, except the Agency CMBS, are not guaranteed by Freddie Mac but have been issued by securitization vehicles sponsored by Freddie Mac. As broadly publicized, Fannie Mae and Freddie Mac are presently under federal conservatorship as the U.S. Government continues to evaluate the future of these entities and what role the U.S. Government should continue to play in the housing markets in the future. On March 27, 2019, President Trump signed a Presidential memorandum directing the Secretary of Treasury to develop a reform plan aimed at ending the conservatorship of Fannie Mae and Freddie Mac and improving regulatory oversight over them. On September 5, 2019, the U.S. Treasury Department released its reform plan, which consist of nearly 50 recommended legislative and administrative reforms, aimed at (i) ending the conservatorship of Fannie Mae and Freddie Mac, (ii) increasing competition in the housing finance market and (iii) providing adequate compensation to the federal government for the support it provides to the housing finance market. Since being placed under federal conservatorship, there have been a number of proposals introduced, both from industry groups and by the U.S. Congress, relating to changing the role of the U.S. government in the mortgage market and reforming or eliminating Fannie Mae and Freddie Mac. It remains unclear how the U.S. Congress or the executive branch of the U.S. Government will move forward on such reform at this time and what impact, if any, this reform will have on mortgage REITs. See “Item 1A. Risk Factors-Risks Related to Regulatory Matters-The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae, Freddie Mac and Ginnie Mae and the U.S. Government, may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our shareholders.”

Key Highlights - Year Ended December 31, 2019

Earnings and Return Metrics

The following table presents key earnings and return metrics for the year ended December 31, 2019 (dollar amounts in thousands, except per share data):

	Year Ended December 31, 2019
Net interest income	$ 127,864
Net income attributable to Company's common stockholders	$ 144,835
Net income attributable to Company's common stockholders per share (basic)	$ 0.65
Comprehensive income attributable to Company's common stockholders	$ 192,102
Comprehensive income attributable to Company's common stockholders per share (basic)	$ 0.87
Book value per share	$ 5.78
Economic return on book value (1)	16.46%
Dividends per share	$ 0.80

(1) Economic return on book value is based on the change in GAAP book value per share plus dividends declared per common share during the period.

Developments

- We acquired residential, multi-family and other credit assets totaling $2.4 billion.
- We issued 132,940,000 shares of common stock collectively through six underwritten public offerings, resulting in total net proceeds of approximately $790.8 million.
- We issued 6,900,000 shares of our 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock through an underwritten public offering, resulting in total net proceeds to us of approximately $166.7 million. We also issued 1,972,888 shares of preferred stock under our at-the-market preferred equity offering program, resulting in net proceeds of approximately $48.4 million.

Subsequent Development

On January 10, 2020, the Company issued 34,500,000 shares of its common stock through an underwritten public offering resulting in total net proceeds to the Company of approximately $206.7 million after deducting underwriting discounts and commissions and offering expenses.

Additionally, on February 13, 2020, the Company issued 50,600,000 shares of its common stock through an underwritten public offering resulting in total net proceeds to the Company of approximately $305.3 million after deducting underwriting discounts and commissions and offering expenses.

Significant Estimates and Critical Accounting Policies

We prepare our consolidated financial statements in conformity with GAAP, which requires the use of estimates, and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based, in part, on our judgment and assumptions regarding various economic conditions that we believe are reasonable based on facts and circumstances existing at the time of reporting. We believe that the estimates, judgments and assumptions utilized in the preparation of our consolidated financial statements are prudent and reasonable. Although our estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be different than anticipated in those estimates, which could materially affect reported amounts of assets, liabilities and accumulated other comprehensive income at the date of the consolidated financial statements and the reported amounts of income, expenses and other comprehensive income during the periods presented.

Changes in the estimates and assumptions could have a material effect on these financial statements. Accounting policies and estimates related to specific components of our consolidated financial statements are disclosed in the notes to our consolidated financial statements. In accordance with SEC guidance, those material accounting policies and estimates that we believe are most critical to an investor's understanding of our financial results and condition and which require complex management judgment are discussed below.

Revenue Recognition. Interest income on our investment securities available for sale is accrued based on the outstanding principal balance and their contractual terms. Purchase premiums or discounts associated with our Agency RMBS and Agency CMBS assessed as high credit quality at the time of purchase are amortized or accreted to interest income over the estimated life of these investment securities using the effective yield method. Adjustments to amortization are made for actual prepayment activity on our Agency RMBS.

Interest income on certain of our credit sensitive securities that were purchased at a premium or discount to par value, such as certain of our non-Agency RMBS, CMBS and ABS of less than high credit quality, is recognized based on the security's effective yield. The effective yield on these securities is based on management's estimate of the projected cash flows from each security, which incorporates assumptions related to fluctuations in interest rates, prepayment speeds and the timing and amount of credit losses. On at least a quarterly basis, management reviews and, if appropriate, adjusts its cash flow projections based on input and analysis received from external sources, internal models, and its judgment about interest rates, prepayment rates, the timing and amount of credit losses, and other factors. Changes in cash flows from those originally projected, or from those estimated at the last evaluation, may result in a prospective change in the yield (or interest income) recognized on these securities.

A portion of the purchase discount on the Company's first loss PO multi-family CMBS is designated as non-accretable purchase discount or credit reserve, which estimates the Company's risk of loss on the mortgages collateralizing such multi-family CMBS, and is not expected to be accreted into interest income. The amount designated as a credit reserve may be adjusted over time, based on the actual performance of the security, its underlying collateral, actual and projected cash flow from such collateral, economic conditions and other factors. If the performance of a security with a credit reserve is more favorable than forecasted, a portion of the amount designated as credit reserve may be accreted into interest income over time. Conversely, if the performance of a security with a credit reserve is less favorable than forecasted, the amount designated as credit reserve may be increased, or impairment charges and write-downs of such securities to a new cost basis could be required.

Interest income on our distressed and other residential mortgage loans, at fair value is accrued based on the outstanding principal balance and their contractual terms. Premiums and discounts associated with the purchase of distressed and other residential mortgage loans at fair value are amortized or accreted into interest income over the life of the related loan using the effective interest method.

With respect to interest rate swaps that have not been designated as hedges, any net payments under, or fluctuations in the fair value of, such swaps will be recognized in current earnings.

Fair Value. The Company has established and documented processes for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, then fair value is based upon internally developed models that primarily use inputs that are market-based or independently sourced market parameters, including interest rate yield curves. The Company's investment securities available for sale, multi-family loans held in securitization trusts, certain of its residential mortgage loans held in securitization trust, certain of its distressed and other residential mortgage loans, SLST CDOs and Multi-family CDOs are considered to be the most significant of its fair value estimates.

The Company's valuation methodologies are described in "Note 15 – Fair Value of Financial Instruments" included in Item 8 of this Annual Report on Form 10-K.

Variable Interest Entities – A VIE is an entity that lacks one or more of the characteristics of a voting interest entity. A VIE is defined as an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The Company consolidates a VIE when it is the primary beneficiary of such VIE. As primary beneficiary, the Company has both the power to direct the activities that most significantly impact the economic performance of the VIE and a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE. The Company is required to reconsider its evaluation of whether to consolidate a VIE each reporting period, based upon changes in the facts and circumstances pertaining to the VIE.

Loan Consolidation Reporting Requirement for Certain Multi-Family K-Series Securitizations and Residential Mortgage Loan Securitizations – We own 100% of the first loss POs of the Consolidated K-Series and 100% of the first loss subordinated securities of Consolidated SLST. The Consolidated K-Series represents certain Freddie Mac-sponsored multi-family loan K-Series securitizations of which we, or one of our special purpose entities, or SPEs, own the first loss POs, certain IOs and certain senior or mezzanine securities. We determined that the Consolidated K-Series were VIEs and that we are the primary beneficiary of the Consolidated K-Series. As a result, we are required to consolidate the Consolidated K-Series' underlying multi-family loans including their liabilities, income and expenses in our consolidated financial statements. Consolidated SLST represents a Freddie Mac-sponsored residential mortgage loan securitization, of which we own the first loss subordinated securities and certain IOs and senior securities. We determined that Consolidated SLST was a VIE and that we are the primary beneficiary of Consolidated SLST. As a result, we are required to consolidate Consolidated SLST's underlying residential mortgage loans including their liabilities, income and expenses in our consolidated financial statements. We have elected the fair value option on the assets and liabilities held within both the Consolidated K-Series and Consolidated SLST, which requires that changes in valuations in the assets and liabilities of the Consolidated K-Series and Consolidated SLST be reflected in our consolidated statement of operations.

Fair Value Option – The fair value option provides an election that allows companies to irrevocably elect fair value for financial assets and liabilities on an instrument-by-instrument basis at initial recognition. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. The Company elected the fair value option for certain of its investment securities available for sale, certain of its investments in unconsolidated entities, the Consolidated K-Series, Consolidated SLST and certain acquired distressed and other residential mortgage loans, including both first and second mortgages.

Distressed Residential Mortgage Loans, net – Certain of the distressed residential mortgage loans acquired by the Company at a discount, with evidence of credit deterioration since their origination and where it is probable that the Company will not collect all contractually required principal payments, are accounted for under ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* ("ASC 310-30"). Management evaluates whether there is evidence of credit quality deterioration as of the acquisition date using indicators such as past due or modified status, risk ratings, recent borrower credit scores and recent loan-to-value percentages. Loans considered credit impaired are recorded at fair value at the date of acquisition, with no allowance for loan losses. Subsequent to acquisition, the recorded amount for these loans reflects the original investment, plus accretion income, less principal and interest cash flows received. These distressed residential mortgage loans are presented on the Company's consolidated balance sheets at carrying value, which reflects the recorded amount reduced by any allowance for loan losses established subsequent to acquisition.

Under ASC 310-30, the acquired credit impaired loans may be accounted for individually or aggregated and accounted for as a pool of loans if the loans being aggregated have common risk characteristics. A pool is accounted for as a single asset with a single composite interest rate and an expectation of aggregate cash flows. Once a pool is assembled, it is treated as if it was one loan for purposes of applying the accounting guidance. For each pool established, or on an individual loan basis for loans not aggregated into pools, the Company estimates at the time of acquisition and periodically, the principal and interest expected to be collected. The difference between the cash flows expected to be collected and the carrying amount of the loans is referred to as the "accretable yield." This amount is accreted as interest income over the life of the loans using a level yield methodology. Interest income recorded each period relates to the accretable yield recognized at the pool level or on an individual loan basis, and not to contractual interest payments received at the loan level. The difference between contractually required principal and interest payments and the cash flows expected to be collected, referred to as the "nonaccretable difference," includes estimates of both the impact of prepayments and expected credit losses over the life of the individual loan, or the pool (for loans grouped into a pool).

Management monitors actual cash collections against its expectations, and revised cash flow expectations are prepared as necessary. A decrease in expected cash flows in subsequent periods may indicate that the loan pool or individual loan, as applicable, is impaired, thus requiring the establishment of an allowance for loan losses by a charge to the provision for loan losses. An increase in expected cash flows in subsequent periods initially reduces any previously established allowance for loan losses by the increase in the present value of cash flows expected to be collected, and results in a recalculation of the amount of accretable yield for the loan pool. The adjustment of accretable yield due to an increase in expected cash flows is accounted for prospectively as a change in estimate. The additional cash flows expected to be collected are reclassified from the nonaccretable difference to the accretable yield, and the amount of periodic accretion is adjusted accordingly over the remaining life of the loans in the pool or individual loan, as applicable. The impacts of (i) prepayments, (ii) changes in variable interest rates, and (iii) any other changes in the timing of expected cash flows are recognized prospectively as adjustments to interest income.

Recent Accounting Pronouncements

A discussion of recent accounting pronouncements and the possible effects on our financial statements is included in “Note 2 — Summary of Significant Accounting Policies” included in Item 8 of this Annual Report on Form 10-K.

Capital Allocation

The following provides an overview of the allocation of our total equity as of December 31, 2019 and 2018, respectively. We fund our investing and operating activities with a combination of cash flow from operations, proceeds from common and preferred equity and debt securities offerings, including convertible notes, short-term and longer-term repurchase agreements borrowings, CDOs, securitized debt and trust preferred debentures. A detailed discussion of our liquidity and capital resources is provided in “Liquidity and Capital Resources” elsewhere in this section.

During the year ended December 31, 2019, we continued to take advantage of repurchase agreement financing available to us and our ability to raise capital through public and at-the-market offerings of both common and preferred stock to fund our investments in single-family and multi-family credit assets, Agency CMBS and Agency RMBS.

The following tables set forth our allocated capital by investment category at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

At December 31, 2019:

	Agency	Single-Family Credit	Multi-Family Credit	Other	Total
Investment securities, available for sale, at fair value	$ 973,835	$ 715,314	$ 267,777	$ 49,214	$ 2,006,140
Distressed and other residential mortgage loans, at fair value	—	1,429,754	—	—	1,429,754
Distressed and other residential mortgage loans, net	—	202,756	—	—	202,756
Residential collateralized debt obligations	—	(40,429)	—	—	(40,429)
Investments in unconsolidated entities	—	65,573	124,392	—	189,965
Preferred equity and mezzanine loan investments	—	—	180,045	—	180,045
Multi-family loans held in securitization trusts, at fair value	88,359	—	17,728,387	—	17,816,746
Multi-family collateralized debt obligations, at fair value	—	—	(16,724,451)	—	(16,724,451)
Residential mortgage loans held in securitization trust, at fair value	26,239	1,302,647	—	—	1,328,886
Residential collateralized debt obligations, at fair value	—	(1,052,829)	—	—	(1,052,829)
Other investments [(1)]	—	3,119	14,464	—	17,583
Carrying value	1,088,433	2,625,905	1,590,614	49,214	5,354,166
Liabilities:					
Repurchase agreements	(945,926)	(1,347,600)	(811,890)	—	(3,105,416)
Subordinated debentures	—	—	—	(45,000)	(45,000)
Convertible notes	—	—	—	(132,955)	(132,955)
Hedges (net)[(2)]	15,878	—	—	—	15,878
Cash and restricted cash[(3)]	9,738	44,604	4,152	63,118	121,612
Goodwill	—	—	—	25,222	25,222
Other	(1,449)	54,895	(10,123)	(71,801)	(28,478)
Net capital allocated	$ 166,674	$ 1,377,804	$ 772,753	$ (112,202)	$ 2,205,029

Total Debt Leverage Ratio[(4)]	1.5
Portfolio Leverage Ratio[(5)]	1.4

(1) Includes real estate under development in the amount of $14.5 million, other loan investments in the amount of $2.4 million and deferred interest related to residential mortgage loans held in securitization trust, at fair value of $0.7 million, all of which are included in the Company’s accompanying consolidated balance sheets in receivables and other assets.

(2) Includes derivative liabilities of $29.0 million netted against a $44.8 million variation margin.
(3) Restricted cash is included in the Company's accompanying consolidated balance sheets in receivables and other assets.
(4) Represents total debt divided by the Company's total stockholders' equity. Total debt does not include Multi-family CDOs amounting to $16.7 billion, SLST CDOs amounting to $1.1 billion and Residential CDOs amounting to $40.4 million that are consolidated in the Company's financial statements as they are non-recourse debt for which the Company has no obligation.
(5) Represents repurchase agreement borrowings divided by the Company's total stockholders' equity.

At December 31, 2018:

	Agency	Single-Family Credit	Multi-Family Credit	Other	Total
Investment securities, available for sale, at fair value	$ 1,037,730	$ 214,037	$ 260,485	$ —	$ 1,512,252
Distressed and other residential mortgage loans, at fair value	—	737,523	—	—	737,523
Distressed and other residential mortgage loans, net	—	285,261	—	—	285,261
Residential collateralized debt obligations	—	(53,040)	—	—	(53,040)
Investments in unconsolidated entities	—	10,954	62,512	—	73,466
Preferred equity and mezzanine loan investments	—	—	165,555	—	165,555
Multi-family loans held in securitization trusts, at fair value	—	—	11,679,847	—	11,679,847
Multi-family collateralized debt obligations, at fair value	—	—	(11,022,248)	—	(11,022,248)
Other investments (1)	—	4,995	20,477	—	25,472
Carrying value	1,037,730	1,199,730	1,166,628	—	3,404,088
Liabilities:					
Repurchase agreements	(925,230)	(676,658)	(529,617)	—	(2,131,505)
Securitized debt and subordinated debentures	—	(12,214)	(30,121)	(45,000)	(87,335)
Convertible notes	—	—	—	(130,762)	(130,762)
Hedges (net) (2)	10,263	—	—	—	10,263
Cash and restricted cash (3)	10,377	20,859	17,291	60,618	109,145
Goodwill	—	—	—	25,222	25,222
Other	2,374	24,183	(4,929)	(40,451)	(18,823)
Net capital allocated	$ 135,514	$ 555,900	$ 619,252	$ (130,373)	$ 1,180,293

Total Debt Leverage Ratio(4)	2.0
Portfolio Leverage Ratio(5)	1.8

(1) Includes real estate under development in the amount of $22.0 million and real estate held for sale in consolidated variable interest entities of $29.7 million, net of mortgages and notes payable in consolidated variable interest entities in the amount of $31.2 million and other loan investments in the amount of $5.0 million. Both real estate under development and other loan investments are included in the Company’s accompanying consolidated balance sheets in receivables and other assets.

(2) Includes derivative assets of $1.8 million and a $8.5 million variation margin.

(3) Restricted cash is included in the Company’s accompanying consolidated balance sheets in receivables and other assets.

(4) Represents total debt divided by the Company’s total stockholders’ equity. Total debt does not include Multi-family CDOs amounting to $11.0 billion, Residential CDOs amounting to $53.0 million and mortgage debt of The Clusters amounting to $27.2 million that are consolidated in the Company’s financial statements as they are non-recourse debt for which the Company has no obligation.

(5) Represents repurchase agreement borrowings divided by the Company’s total stockholders’ equity.

Analysis of Changes in Book Value

The following table analyzes the changes in book value of our common stock for the year ended December 31, 2019 (amounts in thousands, except per share):

	Year Ended December 31, 2019		
	Amount	Shares	Per Share(1)
Beginning Balance	$ 879,389	155,590	$ 5.65
Common stock issuance, net (2)	809,752	135,781	
Preferred stock issuance, net	215,010		
Preferred stock liquidation preference	(221,822)		
Balance after share issuance activity	1,682,329	291,371	5.77
Dividends declared	(190,520)		(0.65)
Net change in accumulated other comprehensive income:			
Investment securities, available for sale (3)	47,267		0.16
Net income attributable to Company's common stockholders	144,835		0.50
Ending Balance	$ 1,683,911	291,371	$ 5.78

The following table details the adjusted beginning book value of our common stock at January 1, 2020 related to the implementation of Accounting Standards Update ("ASU") 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") (amounts in thousands, except per share):

	As of January 1, 2020		
	Amount	Shares	Per Share(1)
Beginning Balance	$ 1,683,911	291,371	$ 5.78
Cumulative-effect adjustment for implementation of fair value option (4)	12,284		0.04
Adjusted Beginning Balance	$ 1,696,195	291,371	$ 5.82

(1) Outstanding shares used to calculate book value per share for the year ended December 31, 2019 and as of January 1, 2020 are 291,371,039.
(2) Includes amortization of stock based compensation.
(3) The increases relate to unrealized gains in our investment securities due to improved pricing.
(4) On January 1, 2020, the Company adopted ASU 2016-13 and elected to apply the fair value option provided by ASU 2019-05, *Financial Instruments — Credit Losses (Topic 326): Targeted Transition Relief* ("ASU 2019-05") to our distressed and other residential mortgage loans, net, preferred equity and mezzanine loan investments that are accounted for as loans and preferred equity and mezzanine loan investments that are accounted for under the equity method, resulting in a cumulative-effect adjustment to beginning book value of our common stock and book value per share.

The following table analyzes the changes in book value of our common stock for the year ended December 31, 2018 (amounts in thousands, except per share):

	Year Ended December 31, 2018		
	Amount	Shares	Per Share(1)
Beginning Balance	$ 671,865	111,910	$ 6.00
Common stock issuance, net (2)	262,673	43,680	
Balance after share issuance activity	934,538	155,590	6.01
Dividends declared	(106,647)		(0.69)
Net change in accumulated other comprehensive income:			
Investment securities, available for sale (3)	(27,688)		(0.18)
Net income attributable to Company's common stockholders	79,186		0.51
Ending Balance	$ 879,389	155,590	$ 5.65

(1) Outstanding shares used to calculate book value per share for the year ended December 31, 2018 are 155,589,528.
(2) Includes amortization of stock based compensation.
(3) The decline relates to unrealized losses in investment securities and is primarily due to a decline in the value of our Agency RMBS portfolio.

Results of Operations

The following discussion provides information regarding our results of operations for the years ended December 31, 2019, 2018, and 2017, including a comparison of year-over-year results and related commentary.

Comparison of the Year Ended December 31, 2019 to the Year Ended December 31, 2018

A number of the following tables contain a “change” column that indicates the amount by which results from the year ended December 31, 2019 are greater or less than the results from the respective period in 2018. Unless otherwise specified, references in this section to increases or decreases in 2019 refer to the change in results for the year ended December 31, 2019 when compared to the year ended December 31, 2018.

The following table presents the main components of our net income for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands, except per share data):

	For the Years Ended December 31,		
	2019	**2018**	**$ Change**
Net interest income	$ 127,864	$ 78,728	$ 49,136
Total non-interest income	94,448	66,480	27,968
Total general, administrative and operating expenses	49,835	41,470	8,365
Income from operations before income taxes	172,477	103,738	68,739
Income tax benefit	(419)	(1,057)	638
Net income attributable to Company	173,736	102,886	70,850
Preferred stock dividends	28,901	23,700	5,201
Net income attributable to Company's common stockholders	144,835	79,186	65,649
Basic earnings per common share	$ 0.65	$ 0.62	$ 0.03
Diluted earnings per common share	$ 0.64	$ 0.61	$ 0.03

Net Interest Income

Our results of operations for our investment portfolio during a given period typically reflect, in large part, the net interest income earned on our investment portfolio of RMBS, CMBS, distressed and other residential mortgage loans (including loans accounted for at fair value and loans accounted for under ASC 310-10 and ASC 310-30) and preferred equity investments and mezzanine loans, where the risks and payment characteristics are equivalent to and accounted for as loans (collectively, our “Interest Earning Assets”). The net interest spread is impacted by factors such as our cost of financing, the interest rate that our investments bear and our interest rate hedging strategies. Furthermore, the amount of premium or discount paid on purchased portfolio investments and the prepayment rates on portfolio investments will impact the net interest spread as such factors will be amortized over the expected term of such investments.

The increase in net interest income in 2019 was primarily driven by increases in average interest earning assets in our single-family and multi-family credit portfolios resulting from purchase activity since December 31, 2018. These increases were partially offset by decreases in net interest income in our Agency investment securities portfolio due to (1) reductions in average interest earning assets caused primarily by paydowns, (2) increased prepayment rates compared to the corresponding periods in 2018 and (3) the impact of our exit from our Agency IO portfolio in 2018.

Comparative Portfolio Net Interest Margin

The following tables set forth certain information about our portfolio by investment category and their related interest income, interest expense, average yield on interest earning assets, average portfolio debt cost and portfolio net interest margin for our average interest earning assets (by investment category) for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands):

Year Ended December 31, 2019

	Agency [1]	Single-Family Credit [2] [4]	Multi-Family Credit [3] [4]	Other	Total
Interest Income [5]	$ 27,150	$ 92,446	$ 112,887	$ 2,054	$ 234,537
Interest Expense	(22,653)	(40,955)	(29,387)	(13,678)	(106,673)
Net Interest Income (Expense)	$ 4,497	$ 51,491	$ 83,500	$ (11,624)	$ 127,864
Average Interest Earning Assets [4] [6]	$ 1,053,384	$ 1,733,790	$ 1,060,520	$ 19,209	$ 3,866,903
Average Yield on Interest Earning Assets [7]	2.58 %	5.33 %	10.64 %	10.70%	6.07 %
Average Portfolio Debt Cost [8]	(2.54)%	(4.19)%	(4.09)%	—	(3.59)%
Portfolio Net Interest Margin [9]	0.04 %	1.14 %	6.55 %	10.70%	2.48 %

Year Ended December 31, 2018

	Agency[1]	Single-Family Credit	Multi-Family Credit [3] [4]	Other	Total
Interest Income [5]	$ 30,737	$ 35,191	$ 76,769	$ —	$ 142,697
Interest Expense	(19,505)	(13,916)	(17,162)	(13,386)	(63,969)
Net Interest Income (Expense)	$ 11,232	$ 21,275	$ 59,607	$ (13,386)	$ 78,728
Average Interest Earning Assets [4] [6]	$ 1,146,157	$ 661,600	$ 682,148	$ —	$ 2,489,905
Average Yield on Interest Earning Assets [7]	2.68 %	5.32 %	11.25 %	—	5.73 %
Average Portfolio Debt Cost [8]	(2.12)%	(4.58)%	(4.80)%	—	(3.20)%
Portfolio Net Interest Margin [9]	0.56 %	0.74 %	6.45 %	—	2.53 %

(1) Includes Agency RMBS, Agency CMBS and, solely with respect to the year ended December 31, 2018, Agency IOs.

(2) The Company, through its ownership of certain securities in the year ended December 31, 2019, has determined it is the primary beneficiary of Consolidated SLST and has consolidated Consolidated SLST into the Company's consolidated financial statements. Interest income amounts represent interest earned by securities that are actually owned by the Company. A reconciliation of our net interest income generated by our single-family credit portfolio to our consolidated financial statements for the year ended December 31, 2019 is set forth below (dollar amounts in thousands):

	For the Year Ended December 31, 2019
Interest income, distressed and other residential mortgage loans	$ 71,017
Interest income, investment securities, available for sale [(a)]	24,374
Interest expense, SLST CDOs [(b)]	(2,945)
Interest income, Single-Family Credit, net	92,446
Interest expense, repurchase agreements	(39,275)
Interest expense, Residential CDOs [(b)]	(1,434)
Interest expense, securitized debt	(246)
Net interest income, Single-Family Credit	$ 51,491

(a) Included in the Company's accompanying consolidated statements of operations in interest income, investment securities and other interest earning assets.
(b) Included in the Company's accompanying consolidated statements of operations in interest expense, residential collateralized debt obligations.

(3) The Company, through its ownership of certain securities, has determined it is the primary beneficiary of the Consolidated K-Series and has consolidated the Consolidated K-Series into the Company's consolidated financial statements. Interest income amounts represent interest income earned by securities that are actually owned by the Company. A reconciliation of our net interest income generated by our multi-family credit portfolio to our consolidated financial statements for the years ended December 31, 2019 and 2018, respectively, is set forth below (dollar amounts in thousands):

	For the Years Ended December 31,	
	2019	2018
Interest income, multi-family loans held in securitization trusts	$ 535,226	$ 358,712
Interest income, investment securities, available for sale [(a)]	13,892	10,123
Interest income, preferred equity and mezzanine loan investments	20,899	21,036
Interest expense, multi-family collateralized debt obligations	(457,130)	(313,102)
Interest income, Multi-Family Credit, net	112,887	76,769
Interest expense, repurchase agreements	(28,893)	(14,252)
Interest expense, securitized debt	(494)	(2,910)
Net interest income, Multi-Family Credit	$ 83,500	$ 59,607

(a) Included in the Company's accompanying consolidated statements of operations in interest income, investment securities and other interest earning assets.

(4) Average Interest Earning Assets for the periods indicated exclude all Consolidated SLST (for the year ended December 31, 2019) and Consolidated K-Series assets other than those securities actually owned by the Company.
(5) Includes interest income earned on cash accounts held by the Company.
(6) Average Interest Earning Assets is calculated based on daily average amortized cost for the respective periods.
(7) Average Yield on Interest Earning Assets was calculated by dividing our interest income by our Average Interest Earning Assets for the respective periods.

(8) Average Portfolio Debt Cost was calculated by dividing our interest expense relating to our interest earning assets by our average interest bearing liabilities, excluding our subordinated debentures and convertible notes, for the respective periods. For the years ended December 31, 2019 and 2018, respectively, interest expense generated by our subordinated debentures and convertible notes is set forth below (dollar amounts in thousands):

	For the Years Ended December 31,	
	2019	2018
Subordinated debentures	$ 2,865	$ 2,743
Convertible notes	10,813	10,643

(9) Portfolio Net Interest Margin is the difference between our Average Yield on Interest Earning Assets and our Average Portfolio Debt Cost, excluding the weighted average cost of subordinated debentures and convertible notes.

Non-interest Income

Realized Gains (Losses), Net

The following table presents the components of realized gains (losses), net recognized for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
	2019	2018	$ Change
Investment securities and related hedges	$ 21,815	$ (12,270)	$ 34,085
Distressed and other residential mortgage loans at carrying value	1,640	(112)	1,752
Distressed and other residential mortgage loans at fair value	9,187	4,607	4,580
Total realized gains (losses), net	$ 32,642	$ (7,775)	$ 40,417

Realized gains on investment securities and related hedges increased in 2019 due to sales of certain Freddie Mac-sponsored multi-family loan K-Series first loss POs and IOs resulting in realized gains of $16.8 million and other CMBS and non-Agency RMBS resulting in realized gains of $5.0 million. Also in 2018, the Company liquidated its Agency IO portfolio resulting in a $12.4 million realized loss.

Realized gains on distressed and other residential loans at carrying value increased in 2019 as increased sale and payoff activity occurred in 2019. Realized gains on distressed and other residential mortgage loans at fair value increased in 2019 primarily due to an increase in loans accounted for at fair value and increased realized gain from sale activity and loan prepayments.

Unrealized Gains (Losses), Net

The following table presents the components of unrealized gains (losses), net recognized for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
	2019	2018	$ Change
Investment securities and related hedges	$ (30,129)	$ 11,104	$ (41,233)
Distressed and other residential mortgage loans at fair value	42,087	4,096	37,991
Residential loans and debt held in securitization trust	(83)	—	(83)
Multi-family loans and debt held in securitization trusts	23,962	37,581	(13,619)
Total unrealized gains (losses), net	$ 35,837	$ 52,781	$ (16,944)

Unrealized losses on investment securities and related hedges increased in 2019 due to unrealized losses recognized on our interest rate swaps in 2019 and reversals of unrealized losses upon liquidation of the Agency IO portfolio in 2018. The unrealized losses on our interest rate swaps are offset by unrealized gains on our investment securities portfolio (where fair value option was not elected) recorded in other comprehensive income (“OCI”).

The increase in unrealized gains on distressed and other residential mortgage loans at fair value in 2019 is primarily due to an increase in loans accounted for at fair value and credit spread tightening.

Unrealized gains on multi-family loans and debt held in securitization trusts decreased during 2019 due to deceleration in the tightening of credit spreads on the Consolidated K-Series as compared to the previous period as well as lower unrealized gains on certain Consolidated K-Series investments that are nearing maturity. This decrease was partially offset by unrealized gains on additional Consolidated K-Series investments purchased in 2019.

Other Income

Other Income

The following table presents the components of other income for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
	2019	**2018**	**$ Change**
Income from preferred equity investments accounted for as equity [(1)]	$ 8,539	$ 1,437	$ 7,102
Income from joint venture equity investments in multi-family properties	10,468	8,016	2,452
Income from entities that invest in residential properties and loans	4,619	1,132	3,487
Preferred equity and mezzanine loan premiums resulting from early redemption [(2)]	3,858	6,438	(2,580)
Losses in Consolidated VIEs [(3)]	(2,424)	(762)	(1,662)
Miscellaneous income	771	307	464
Total other income	$ 25,831	$ 16,568	$ 9,263

(1) Includes income earned from preferred equity ownership interests in entities that invest in multi-family properties accounted for under the equity method of accounting.

(2) Includes premiums resulting from early redemptions of preferred equity and mezzanine loan investments accounted for as loans.

(3) Losses in Consolidated VIEs exclude income or loss from the Consolidated K-Series and Consolidated SLST and are offset by allocations of losses or increased by allocations of income to non-controlling interests in the respective Consolidated VIEs, resulting in net losses to the Company of $2.0 million and $1.5 million for the years ended December 31, 2019 and 2018, respectively.

The increase in other income in 2019 is primarily due to a $7.1 million increase in income from preferred equity investments accounted for as equity due to additional investments made in 2019, a $2.5 million increase in unrealized and realized gains related to joint venture equity investments and a $3.5 million increase in income recognized on the Company’s equity investments in entities that invest in residential properties and loans, primarily due to an investment added in 2019. The increase is partially offset by a decrease of $2.6 million in income from preferred equity and mezzanine loan premiums resulting from early redemption. Additionally, realized losses recognized by the Company’s 50% owned real estate development property increased by approximately $0.9 million in 2019, which is offset by the non-controlling interest share of the increased losses of approximately $0.5 million.

Comparative Expenses

The following table presents the components of general, administrative and operating expenses for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
General, Administrative and Operating Expenses:	**2019**	**2018**	**$ Change**
General and Administrative Expenses			
Salaries, benefits and directors' compensation	$ 24,006	$ 14,243	$ 9,763
Professional fees	4,460	4,468	(8)
Base management and incentive fees	1,235	5,366	(4,131)
Other	6,665	4,157	2,508
Operating Expenses			
Expenses related to distressed and other residential mortgage loans	12,987	8,908	4,079
Expenses related to real estate held for sale in Consolidated VIEs	482	4,328	(3,846)
Total	$ 49,835	$ 41,470	$ 8,365

The increase in general and administrative expenses in 2019 is primarily due to an increase in employee headcount as part of the internalization and expansion of our single-family credit investment platform and overall asset growth. This change was partially offset by a decrease in base management and incentive fees in 2019 due to the termination of our last management agreement and the end of transition services related to that agreement in the second quarter of 2019.

The increase in expenses related to distressed and other residential mortgage loans in 2019 is due to overall growth in the portfolio resulting from the internalization and expansion of our single-family credit investment platform. Expenses related to real estate held for sale in consolidated variable interest entities decreased in 2019 as a result of the de-consolidation of the variable interest entities after the sales of the real estate held by these entities.

Comprehensive Income

The main components of comprehensive income for the years ended December 31, 2019 and 2018, respectively, are detailed in the following table (dollar amounts in thousands):

	For the Years Ended December 31,		
	2019	2018	$ Change
NET INCOME ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	$ 144,835	$ 79,186	$ 65,649
OTHER COMPREHENSIVE INCOME			
Increase (decrease) in fair value of available for sale securities			
Agency RMBS	38,231	(23,776)	62,007
Non-Agency RMBS	13,843	(3,134)	16,977
CMBS	13,302	(778)	14,080
Total	65,376	(27,688)	93,064
Reclassification adjustment for net gain included in net income	(18,109)	—	(18,109)
TOTAL OTHER COMPREHENSIVE INCOME	47,267	(27,688)	74,955
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	$ 192,102	$ 51,498	$ 140,604

The changes in OCI in 2019 can be attributed primarily to an increase in the fair value of our investment securities, where fair value option was not elected, due to the expansion of our investment portfolio and general spread tightening. The changes were partially offset by the reclassification of unrealized gains reported in OCI to net income in relation to the sale of certain multi-family CMBS in 2019.

Beginning in the fourth quarter of 2019, the Company’s newly purchased investment securities are presented at fair value as a result of a fair value election made at the time of acquisition pursuant to ASC 825, *Financial Instruments* (“ASC 825”). The fair value option was elected for these investment securities to provide stockholders and others who rely on our financial statements with a more complete and accurate understanding of our economic performance. Changes in the market values of investment securities where the Company elected the fair value option will be reflected in earnings instead of in OCI.

Comparison of the Year Ended December 31, 2018 to the Year Ended December 31, 2017

A number of the following tables contain a “change” column that indicates the amount by which results from the year ended December 31, 2018 are greater or less than the results from the respective period in 2017. Unless otherwise specified, references in this section to increases or decreases in 2018 refer to the change in results for the year ended December 31, 2018 when compared to the year ended December 31, 2017.

The following table presents the main components of our net income for the years ended December 31, 2018 and 2017, respectively (dollar amounts in thousands, except per share data):

	For the Years Ended December 31,		
	2018	2017	$ Change
Net interest income	$ 78,728	$ 57,986	$ 20,742
Total non-interest income	66,480	75,013	(8,533)
Total general, administrative and operating expenses	41,470	41,077	393
Income from operations before income taxes	103,738	91,922	11,816
Income tax (benefit) expense	(1,057)	3,355	(4,412)
Net income attributable to Company	102,886	91,980	10,906
Preferred stock dividends	23,700	15,660	8,040
Net income attributable to Company's common stockholders	79,186	76,320	2,866
Basic earnings per common share	$ 0.62	$ 0.68	$ (0.06)
Diluted earnings per common share	$ 0.61	$ 0.66	$ (0.05)

Net Interest Income

Our results of operations for our investment portfolio during a given period typically reflect, in large part, the net interest income earned on our investment portfolio of RMBS, CMBS, distressed and other residential mortgage loans (including loans accounted for at fair value and loans accounted for under ASC 310-10 and ASC 310-30) and preferred equity investments and mezzanine loans, where the risks and payment characteristics are equivalent to and accounted for as loans (collectively, our "Interest Earning Assets"). The net interest spread is impacted by factors such as our cost of financing, the interest rate that our investments bear and our interest rate hedging strategies. Furthermore, the amount of premium or discount paid on purchased portfolio investments and the prepayment rates on portfolio investments will impact the net interest spread as such factors will be amortized over the expected term of such investments.

The increase in net interest income for 2018 was primarily driven by increases in average interest earning assets in our Agency RMBS and multi-family credit portfolios resulting from purchase activity since December 31, 2017 in addition to an increase in asset yield and reduction in average interest bearing liabilities in our single-family credit portfolio.

Comparative Portfolio Net Interest Margin

The following tables set forth certain information about our portfolio by investment category and their related interest income, interest expense, average yield on interest earning assets, average portfolio debt cost and portfolio net interest margin for our average interest earning assets (by investment category) for the years ended December 31, 2018 and 2017, respectively (dollar amounts in thousands):

Year Ended December 31, 2018

	Agency(1)	Single-Family Credit	Multi-Family Credit (2) (3)	Other	Total
Interest Income (4)	$ 30,737	$ 35,191	$ 76,769	$ —	$ 142,697
Interest Expense	(19,505)	(13,916)	(17,162)	(13,386)	(63,969)
Net Interest Income (Expense)	$ 11,232	$ 21,275	$ 59,607	$ (13,386)	$ 78,728
Average Interest Earning Assets (3) (5)	$ 1,146,157	$ 661,600	$ 682,148	$ —	$ 2,489,905
Average Yield on Interest Earning Assets (6)	2.68 %	5.32 %	11.25 %	—	5.73 %
Average Portfolio Debt Cost (7)	(2.12)%	(4.58)%	(4.80)%	—	(3.20)%
Portfolio Net Interest Margin (8)	0.56 %	0.74 %	6.45 %	—	2.53 %

Year Ended December 31, 2017

	Agency(1)	Single-Family Credit	Multi-Family Credit (2) (3)	Other	Total
Interest Income (4)	$ 12,632	$ 32,301	$ 59,489	$ —	$ 104,422
Interest Expense	(7,314)	(16,002)	(10,972)	(12,148)	(46,436)
Net Interest Income (Expense)	$ 5,318	$ 16,299	$ 48,517	$ (12,148)	$ 57,986
Average Interest Earning Assets (3) (5)	$ 610,339	$ 698,203	$ 530,093	$ —	$ 1,838,635
Average Yield on Interest Earning Assets (6)	2.07 %	4.63 %	11.22 %	—	5.68 %
Average Portfolio Debt Cost (7)	(1.47)%	(3.82)%	(4.45)%	—	(2.95)%
Portfolio Net Interest Margin (8)	0.60 %	0.81 %	6.77 %	—	2.73 %

(1) Includes Agency RMBS and Agency IOs.

(2) The Company, through its ownership of certain securities, has determined it is the primary beneficiary of the Consolidated K-Series and has consolidated the Consolidated K-Series into the Company's consolidated financial statements. Interest income amounts represent interest income earned by securities that are actually owned by the Company. A reconciliation of our net interest income generated by our multi-family credit portfolio to our consolidated financial statements for the years ended December 31, 2018 and 2017, respectively, is set forth below (dollar amounts in thousands):

	For the Years Ended December 31,	
	2018	**2017**
Interest income, multi-family loans held in securitization trusts	$ 358,712	$ 297,124
Interest income, investment securities, available for sale [(a)]	10,123	10,089
Interest income, preferred equity and mezzanine loan investments	21,036	13,941
Interest expense, multi-family collateralized debt obligations	(313,102)	(261,665)
Interest income, Multi-Family Credit, net	76,769	59,489
Interest expense, repurchase agreements	(14,252)	(8,149)
Interest expense, securitized debt	(2,910)	(2,823)
Net interest income, Multi-Family Credit	$ 59,607	$ 48,517

(a) Included in the Company's accompanying consolidated statements of operations in interest income, investment securities and other interest earning assets.

(3) Average Interest Earning Assets for the periods indicated exclude all Consolidated K-Series assets other than those securities actually owned by the Company.

(4) Includes interest income earned on cash accounts held by the Company.

(5) Average Interest Earning Assets is calculated based on daily average amortized cost for the respective periods.

(6) Average Yield on Interest Earning Assets was calculated by dividing our interest income by our Average Interest Earning Assets for the respective periods.

(7) Average Portfolio Debt Cost was calculated by dividing our interest expense relating to our interest earning assets by our average interest bearing liabilities, excluding our subordinated debentures and convertible notes, for the respective periods. For the years ended December 31, 2018 and 2017, respectively, interest expense generated by our subordinated debentures and convertible notes is set forth below (dollar amounts in thousands):

	For the Years Ended December 31,	
	2018	**2017**
Subordinated debentures	$ 2,743	$ 2,296
Convertible notes	10,643	9,852

(8) Portfolio Net Interest Margin is the difference between our Average Yield on Interest Earning Assets and our Average Portfolio Debt Cost, excluding the weighted average cost of subordinated debentures and convertible notes.

Non-interest Income

Realized Gains (Losses), Net

The following table presents the components of realized gains (losses), net recognized for the years ended December 31, 2018 and 2017, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
	2018	**2017**	**$ Change**
Investment securities and related hedges	$ (12,270)	$ 3,750	$ (16,020)
Distressed and other residential mortgage loans at carrying value	(112)	26,188	(26,300)
Distressed and other residential mortgage loans at fair value	4,607	1,718	2,889
Total realized (losses) gains, net	$ (7,775)	$ 31,656	$ (39,431)

Realized losses on investment securities and related hedges increased during 2018 primarily due to the liquidation of our Agency IO portfolio in 2018. Realized gains on distressed and other residential mortgage loans at carrying value decreased in 2018 primarily due to decreased loan sale activity in 2018.

Unrealized Gains (Losses), Net

The following table presents the components of unrealized gains (losses), net recognized for the years ended December 31, 2018 and 2017, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
	2018	**2017**	**$ Change**
Investment securities and related hedges	$ 11,104	$ 1,955	$ 9,149
Distressed and other residential mortgage loans at fair value	4,096	(41)	4,137
Multi-family loans and debt held in securitization trusts	37,581	18,872	18,709
Total unrealized gains (losses), net	$ 52,781	$ 20,786	$ 31,995

Unrealized gains on investment securities and related hedges increased in 2018 primarily due to reversals of unrealized losses upon liquidation of the Agency IO portfolio during the period. The increase in unrealized gains on distressed and other residential mortgage loans at fair value in 2018 is primarily due to an increase in distressed and other residential mortgage loans accounted for at fair value resulting from purchase activity in 2018. The increase in net unrealized gains on multi-family loans and debt held in securitization trusts in 2018 is primarily due to an increase in multi-family CMBS owned by us and tightening of credit spreads.

Other Income

Other Income

The following table presents the components of other income for the years ended December 31, 2018 and 2017, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
	2018	**2017**	**$ Change**
Income from preferred equity investments accounted for as equity [(1)]	$ 1,437	$ 1,430	$ 7
Income from joint venture equity investments in multi-family properties	8,016	8,795	(779)
Income from entities that invest in residential properties and loans	1,132	1,591	(459)
Preferred equity and mezzanine loan premiums resulting from early redemption [(2)]	6,438	1,463	4,975
Losses in Consolidated VIEs [(3)]	(762)	(104)	(658)
Miscellaneous income	307	377	(70)
Total other income	$ 16,568	$ 13,552	$ 3,016

(1) Includes income earned from preferred equity ownership interests in entities that invest in multi-family properties accounted for under the equity method of accounting.
(2) Includes premiums resulting from early redemptions of preferred equity and mezzanine loan investments accounted for as loans.
(3) Losses in Consolidated VIEs exclude income or loss from the Consolidated K-Series and are offset by allocations to non-controlling interests in the respective Consolidated VIEs, resulting in net losses to the Company of $1.5 million and $0.1 million for the years ended December 31, 2018 and 2017, respectively.

The increase in other income during 2018 is primarily due to an increase in income from preferred equity and mezzanine loan premiums resulting from early redemption. The increase was partially offset by a decrease in income from joint venture equity investments in multi-family properties.

Additionally, Losses in Consolidated VIEs increased due to an increase in realized losses recognized by the Company's 50% owned real estate development property of approximately $3.0 million in 2018, which is offset by the non-controlling interest share of the increased losses of approximately $1.5 million. These losses were offset by a $2.3 million realized gain recognized by one of the Consolidated VIEs upon sale of its real estate in March 2018, which is fully allocated to net income attributable to non-controlling interest in consolidated variable interest entities.

Comparative Expenses

The following table presents the components of general, administrative and operating expenses for the years ended December 31, 2018 and 2017, respectively (dollar amounts in thousands):

	For the Years Ended December 31,		
General, Administrative and Operating Expenses:	**2018**	**2017**	**$ Change**
General and Administrative Expenses			
Salaries, benefits and directors' compensation	$ 14,243	$ 10,626	$ 3,617
Professional fees	4,468	3,588	880
Base management and incentive fees	5,366	4,517	849
Other	4,157	4,143	14
Operating Expenses			
Expenses related to distressed residential mortgage loans	8,908	8,746	162
Expenses related to operating real estate and real estate held for sale in Consolidated VIEs	4,328	9,457	(5,129)
Total	$ 41,470	$ 41,077	$ 393

The increase in general and administrative expenses in 2018 was primarily driven by an increase in employee headcount as part of the internalization and expansion of our single-family credit investment platform. The increase in management fees is primarily due to the Company fully expensing prepaid incentive fees paid to Headlands in 2017 as a result of non-renewal of our management agreement with Headlands. The overall increase was partially offset by a reduction in expenses related to operating real estate and real estate held for sale in Consolidated VIEs as a result of cessation of depreciation and amortization expense on real estate held for sale in Consolidated VIEs subsequent to the second quarter of 2017 and the de-consolidation of one of the Consolidated VIEs after the sale of the real estate held by this entity in March 2018.

Comprehensive Income

The main components of comprehensive income for the years ended December 31, 2018 and 2017, respectively, are detailed in the following table (dollar amounts in thousands):

	For the Years Ended December 31,		
	2018	**2017**	**$ Change**
NET INCOME ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	$ 79,186	$ 76,320	$ 2,866
OTHER COMPREHENSIVE (LOSS) INCOME			
(Decrease) Increase in fair value of available for sale securities			
Agency RMBS	(23,776)	(2,485)	(21,291)
Non-Agency RMBS	(3,134)	606	(3,740)
CMBS	(778)	10,193	(10,971)
Total	(27,688)	8,314	(36,002)
Reclassification adjustment for net gain included in net income	—	(4,298)	4,298
Decrease in fair value of derivative instruments utilized for cash flow hedges	—	(102)	102
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(27,688)	3,914	(31,602)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	$ 51,498	$ 80,234	$ (28,736)

The changes in OCI in 2018 can be attributed primarily to a decrease in the fair value of our investment securities due to general spread widening. The changes were partially offset by the reclassification of unrealized gains reported in OCI to net income in relation to the sale of certain multi-family CMBS and non-Agency RMBS in 2017.

Balance Sheet Analysis

As of December 31, 2019, we had approximately $23.5 billion of total assets, as compared to approximately $14.7 billion of total assets as of December 31, 2018. A significant portion of our assets represents the assets comprising the Consolidated K-Series and Consolidated SLST, which we consolidate in accordance with GAAP. As of December 31, 2019 and 2018, the Consolidated K-Series assets amounted to approximately $17.9 billion and $11.7 billion, respectively. As of December 31, 2019, Consolidated SLST assets amounted to approximately $1.3 billion. For a reconciliation of our actual interests in the Consolidated K-Series and Consolidated SLST to our financial statements, see “Capital Allocation” and “Comparative Portfolio Net Interest Margin” above.

Investment Securities

At December 31, 2019, our securities portfolio includes Agency RMBS, including Agency fixed-rate and Agency ARMs, non-Agency RMBS, Agency CMBS, CMBS and ABS which are classified as investment securities available for sale. Our securities investments also include the Consolidated K-Series and Consolidated SLST. The increase in the carrying value of our investment securities as of December 31, 2019 as compared to December 31, 2018 is primarily due to purchases of non-Agency RMBS, CMBS, Agency CMBS, Agency RMBS and ABS as well as investments in Consolidated K-Series and Consolidated SLST and an increase in fair value of our investment securities partially offset by sales of CMBS and paydowns during the period.

The following tables summarize our investment securities portfolio as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019							
			Unrealized			Weighted Average		
Investment Securities	**Current Par Value**	**Amortized Cost**	**Gains**	**Losses**	**Fair Value**	**Coupon** (1)	**Yield** (2)	**Outstanding Repurchase Agreements**
Available for Sale (“AFS”)								
Agency RMBS								
Agency Fixed-Rate	$ 836,223	$ 867,236	$ 7,397	$ (6,162)	$ 868,471	3.38%	2.61%	$ 746,834
Agency ARMs	53,038	55,740	13	(1,347)	54,406	3.21%	1.68%	41,765
Total Agency RMBS	889,261	922,976	7,410	(7,509)	922,877	3.37%	2.55%	788,599
Agency CMBS								
Senior	51,184	51,334	19	(395)	50,958	2.45%	2.41%	48,640
Total Agency CMBS	51,184	51,334	19	(395)	50,958	2.45%	2.41%	48,640
Total Agency	940,445	974,310	7,429	(7,904)	973,835	3.36%	2.55%	837,239
Non-Agency RMBS								
Senior	260,604	260,741	1,971	(13)	262,699	4.65%	4.66%	194,024
Mezzanine	285,760	281,743	8,713	—	290,456	5.24%	5.59%	179,424
Subordinated	150,961	150,888	2,518	(2)	153,404	5.64%	5.66%	70,390
IO	842,577	8,211	1,790	(1,246)	8,755	0.42%	5.93%	—
Total Non-Agency RMBS	1,539,902	701,583	14,992	(1,261)	715,314	2.68%	5.26%	443,838
CMBS								
Mezzanine	261,287	254,620	13,300	(143)	267,777	5.00%	5.37%	142,230
Total CMBS	261,287	254,620	13,300	(143)	267,777	5.00%	5.37%	142,230
ABS								
Residuals	113	49,902	—	(688)	49,214	—	10.70%	—
Total ABS	113	49,902	—	(688)	49,214	—	10.70%	—

Total - AFS	$ 2,741,747	$ 1,980,415	$ 35,721	$ (9,996)	$ 2,006,140	3.25%	3.71%	$ 1,423,307
Consolidated K-Series								
Agency CMBS								
Senior	$ 86,355	$ 88,784	$ —	$ (425)	$ 88,359	2.74%	2.34%	$ 84,544
Total Agency CMBS	86,355	88,784	—	(425)	88,359	2.74%	2.34%	84,544
CMBS								
Mezzanine	92,926	83,264	12,271	—	95,535	4.21%	5.70%	59,579
PO	1,375,874	654,849	169,678	—	824,527	—	13.98%	571,403
IO	12,364,412	83,960	138	(224)	83,874	0.10%	4.66%	38,678
Total CMBS	13,833,212	822,073	182,087	(224)	1,003,936	0.13%	12.10%	669,660
Total - Consolidated K-Series	$ 13,919,567	$ 910,857	$ 182,087	$ (649)	$ 1,092,295	0.13%	11.92%	$ 754,204
Consolidated SLST								
Agency RMBS								
Senior	$ 25,902	$ 26,227	$ 11	$ —	$ 26,238	2.83%	2.53%	$ 24,143
Total Agency RMBS	25,902	26,227	11	—	26,238	2.83%	2.53%	24,143
Non-Agency RMBS								
Subordinated	256,093	215,034	—	(275)	214,759	5.62%	7.23%	150,448
IO	228,437	35,592	181	—	35,773	3.60%	8.58%	—
Total Non-Agency RMBS	484,530	250,626	181	(275)	250,532	4.67%	7.42%	150,448
Total - Consolidated SLST	$ 510,432	$ 276,853	$ 192	$ (275)	$ 276,770	4.58%	6.96%	$ 174,591
Total Investment Securities	$ 17,171,746	$ 3,168,125	$ 218,000	$ (10,920)	$ 3,375,205	0.69%	6.02%	$ 2,352,102

(1) Our weighted average coupon was calculated by dividing our annualized coupon income by our weighted average current par value for the respective periods.
(2) Our weighted average yield was calculated by dividing our annualized interest income by our weighted average amortized cost for the respective periods.

Investment Securities	December 31, 2018 Current Par Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Coupon [1]	Weighted Average Yield [2]	Outstanding Repurchase Agreements
Available for Sale ("AFS")								
Agency RMBS								
Agency Fixed-Rate	$ 965,501	$ 1,002,057	$ —	$ (35,721)	$ 966,336	3.37%	2.76%	$ 857,582
Agency ARMs	70,360	73,949	8	(2,563)	71,394	2.99%	1.68%	67,648
Total Agency RMBS	1,035,861	1,076,006	8	(38,284)	1,037,730	3.34%	2.68%	925,230
Non-Agency RMBS								
Senior	108,138	108,155	—	(470)	107,685	4.71%	4.71%	80,875
Mezzanine	98,417	97,683	166	(971)	96,878	5.16%	6.42%	7,855
Subordinated	9,537	9,499	—	(25)	9,474	1.43%	4.34%	—
Total Non-Agency RMBS	216,092	215,337	166	(1,466)	214,037	4.87%	5.92%	88,730
CMBS								
Mezzanine	214,151	204,011	4,150	(376)	207,785	5.20%	5.17%	117,936
PO	63,873	37,288	13,621	—	50,909	—	13.38%	—
IO	743,446	1,747	44	—	1,791	0.12%	7.37%	—
Total CMBS	1,021,470	243,046	17,815	(376)	260,485	0.63%	7.31%	117,936
Total - AFS	$ 2,273,423	$ 1,534,389	$ 17,989	$ (40,126)	$ 1,512,252	2.26%	3.40%	$ 1,131,896
Consolidated K-Series								
CMBS								
Mezzanine	$ 67,323	$ 58,449	$ 2,780	$ (324)	$ 60,905	4.01%	6.13%	$ 47,214
PO	912,922	401,695	155,014	(123)	556,586	—	12.93%	364,467
IO	6,201,542	39,977	190	(59)	40,108	0.10%	4.73%	—
Total - Consolidated K-Series	$ 7,181,787	$ 500,121	$ 157,984	$ (506)	$ 657,599	0.11%	11.84%	$ 411,681
Total Investment Securities	$ 9,455,210	$ 2,034,510	$ 175,973	$ (40,632)	$ 2,169,851	0.75%	5.24%	$ 1,543,577

(1) Our weighted average coupon was calculated by dividing our annualized coupon income by our weighted average current par value for the respective periods.
(2) Our weighted average yield was calculated by dividing our annualized interest income by our weighted average amortized cost for the respective periods.

Consolidated K-Series and Consolidated SLST

Consolidated K-Series

As of December 31, 2019 and 2018, we owned 100% of the first loss POs of the Consolidated K-Series. The Consolidated K-Series are comprised of multi-family mortgage loans held in, and related debt issued by, fourteen and nine Freddie Mac-sponsored multi-family loan K-Series securitizations as of December 31, 2019 and 2018, respectively, of which we, or one of our SPEs, own the first loss POs and, in certain cases, IOs and/or senior or mezzanine securities issued by these securitizations. We determined that the securitizations comprising the Consolidated K-Series were VIEs and that we are the primary beneficiary of these securitizations. Accordingly, we are required to consolidate the Consolidated K-Series' underlying multi-family loans and related debt, income and expense in our consolidated financial statements.

We do not have any claims to the assets (other than those securities represented by our first loss POs, IOs and certain senior and mezzanine securities owned by the Company) or obligations for the liabilities of the Consolidated K-Series. Our investment in the Consolidated K-Series is limited to the multi-family CMBS comprised of first loss POs, and, in certain cases, IOs, senior or mezzanine securities, issued by these K-Series securitizations with an aggregate net carrying value of $1.1 billion and $657.6 million as of December 31, 2019 and 2018, respectively.

Multi-family CMBS - Consolidated K-Series Loan Characteristics:

The following table details the loan characteristics of the underlying multi-family mortgage loans that back our multi-family CMBS first loss POs as of December 31, 2019 and 2018, respectively (dollar amounts in thousands, except as noted):

	December 31, 2019	December 31, 2018
Current balance of loans	$ 16,759,382	$ 13,593,818
Number of loans	828	773
Weighted average original LTV	68.2%	68.8%
Weighted average underwritten debt service coverage ratio	1.48x	1.45x
Current average loan size	$ 20,241	$ 19,364
Weighted average original loan term (in months)	125	123
Weighted average current remaining term (in months)	84	64
Weighted average loan rate	4.12%	4.34%
First mortgages	100%	100%
Geographic state concentration (greater than 5.0%):		
California	15.9%	14.8%
Texas	12.4%	13.0%
Florida	6.2%	4.5%
Maryland	5.8%	5.0%

Consolidated SLST

In the fourth quarter of 2019, the Company invested in first loss subordinated securities and certain IOs and senior securities issued by a Freddie Mac-sponsored residential mortgage loan securitization. In accordance with GAAP, the Company has consolidated the underlying seasoned re-performing and non-performing residential mortgage loans of the securitization and the SLST CDOs issued to permanently finance these residential mortgage loans, representing Consolidated SLST.

We do not have any claims to the assets (other than those securities represented by our first loss subordinated securities, IOs and senior securities owned by the Company) or obligations for the liabilities of Consolidated SLST. Our investment in Consolidated SLST is limited to the RMBS comprised of first loss subordinated securities, IOs and senior securities, issued by the securitization with an aggregate net carrying value of $276.8 million as of December 31, 2019.

The following table details the loan characteristics of the underlying residential mortgage loans that back our first loss subordinated securities of Consolidated SLST as of December 31, 2019 (dollar amounts in thousands, except as noted):

		December 31, 2019
Current balance of loans	$	1,322,131
Number of loans		8,103
Current average loan size	$	162,804
Weighted average original loan term (in months)		351
Weighted average LTV at purchase		66.2%
Weighted average credit score at purchase		711
Current Coupon:		
3.00% or less		3.8%
3.01% – 4.00%		35.2%
4.01% – 5.00%		40.2%
5.01% – 6.00%		12.4%
6.01% and over		8.4%
Delinquency Status:		
Current		47.6%
31 - 60		35.5%
61 - 90		13.1%
90+		3.8%
Origination Year:		
2005 or earlier		30.9%
2006		15.4%
2007		20.7%
2008 or later		33.0%
Geographic state concentration (greater than 5.0%):		
California		11.0%
Florida		10.6%
New York		9.1%
New Jersey		6.9%
Illinois		6.6%

Investment Securities Financing

Repurchase Agreements

The Company finances its investment securities primarily through repurchase agreements with third party financial institutions. These repurchase arrangements are short-term borrowings that bear interest rates typically based on a spread to LIBOR and are secured by the investment securities which they finance. Upon entering into a financing transaction, our counterparties negotiate a "haircut", which is the difference expressed in percentage terms between the fair value of the collateral and the amount the counterparty will lend to us. The size of the haircut represents the lender's perceived risk associated with holding the investment securities as collateral. The haircut provides lenders with a cushion for daily market value movements that reduce the need for margin calls or margins to be returned as normal daily changes in investment security market values occur. At each settlement date, we typically refinance each expiring repurchase agreement at the market interest rate at that time.

The following table details the quarterly average balance, ending balance and maximum balance at any month-end during each quarter in 2019, 2018 and 2017 for our repurchase agreement borrowings secured by investment securities (dollar amounts in thousands):

Quarter Ended	Quarterly Average Balance	End of Quarter Balance	Maximum Balance at any Month-End
December 31, 2019	$ 2,212,335	$ 2,352,102	$ 2,352,102
September 30, 2019	1,776,741	1,823,910	1,823,910
June 30, 2019	1,749,293	1,843,815	1,843,815
March 31, 2019	1,604,421	1,654,439	1,654,439
December 31, 2018	1,372,459	1,543,577	1,543,577
September 30, 2018	1,144,080	1,130,659	1,163,683
June 30, 2018	1,230,648	1,179,961	1,279,121
March 31, 2018	1,287,939	1,287,314	1,297,949
December 31, 2017	1,224,771	1,276,918	1,276,918
September 30, 2017	624,398	608,304	645,457
June 30, 2017	688,853	656,350	719,222
March 31, 2017	702,675	702,309	762,382

Securitized Debt

As of December 31, 2019, the Company had no Securitized Debt outstanding related to investment securities.

As of December 31, 2018, the Company had securitized certain of its multi-family CMBS first loss POs and IOs in a multi-family CMBS re-securitization transaction. The Company's net investment in this re-securitization was the maximum amount of the Company's investment that was at risk to loss and represented the difference between the carrying amount of the net assets and liabilities associated with the multi-family CMBS first loss POs and IOs held in the re-securitization. The Company had a net investment in the re-securitization of $93.1 million as of December 31, 2018. The interest rate on the multi-family CMBS re-securitization was 5.35% as of December 31, 2018. In March 2019, the Company exercised its option to redeem the notes issued by this multi-family CMBS re-securitization with an outstanding principal balance of $33.2 million resulting in a loss on extinguishment of debt of $2.9 million.

Multi-Family Preferred Equity and Mezzanine Loan Investments

The Company invests in preferred equity in, and mezzanine loans to, entities that have significant multi-family real estate assets (referred to in this section as "Preferred Equity and Mezzanine Loans"). A preferred equity investment is an equity investment in the entity that owns the underlying property and mezzanine loans are secured by a pledge of the borrower's equity ownership in the property. We evaluate our Preferred Equity and Mezzanine Loans for accounting treatment as loans versus equity investments. Preferred Equity and Mezzanine Loans for which the characteristics, facts and circumstances indicate that loan accounting treatment is appropriate are included in preferred equity and mezzanine loan investments on our consolidated balance sheets. Preferred Equity and Mezzanine Loans where the risks and payment characteristics are equivalent to an equity investment are accounted for using the equity method of accounting and are included in investments in unconsolidated entities on our consolidated balance sheets.

As of December 31, 2019, all Preferred Equity and Mezzanine Loans were paying in accordance with their contractual terms. During the year ended December 31, 2019, there were no impairments with respect to our Preferred Equity and Mezzanine Loans.

The following tables summarize our Preferred Equity and Mezzanine Loans as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019				
	Count	Carrying Amount [1] [2]	Investment Amount [2]	Weighted Average Interest or Preferred Return Rate [3]	Weighted Average Remaining Life (Years)
Preferred equity investments	42	$ 279,908	$ 282,064	11.39%	7.8
Mezzanine loans	3	6,220	6,235	11.95%	25.8
Total	45	$ 286,128	$ 288,299	11.40%	8.2

	December 31, 2018				
	Count	Carrying Amount [1] [2]	Investment Amount [2]	Weighted Average Interest or Preferred Return Rate [3]	Weighted Average Remaining Life (Years)
Preferred equity investments	28	$ 195,101	$ 196,464	11.59%	7.2
Mezzanine loans	4	10,926	10,970	12.29%	17.5
Total	32	$ 206,027	$ 207,434	11.62%	7.8

(1) Preferred equity and mezzanine loan investments in the amounts of $180.0 million and $165.6 million are included in preferred equity and mezzanine loan investments on the accompanying consolidated balance sheets as of December 31, 2019 and 2018, respectively. Preferred equity investments in the amounts of $106.1 million and $40.5 million are included in investments in unconsolidated entities on the accompanying consolidated balance sheets as of December 31, 2019 and 2018, respectively.

(2) The difference between the carrying amount and the investment amount consists of any unamortized premium or discount, deferred fees or deferred expenses.

(3) Based upon investment amount and contractual interest or preferred return rate.

Preferred Equity and Mezzanine Loans Characteristics:

Combined Loan to Value at Investment	December 31, 2019	December 31, 2018
70.01% - 80.00%	23.4%	8.5%
80.01% - 90.00%	76.6%	91.5%
Total	100.0%	100.0%

Equity Investments in Multi-Family and Residential Entities

Multi-Family Joint Venture Equity Investments

The Company has invested in joint venture equity investments in entities that own multi-family real estate assets. We receive variable distributions from these investments on a *pari passu* basis based upon property performance and record our positions at fair value. The following table summarizes our multi-family joint venture equity investments as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

		December 31, 2019		December 31, 2018	
	Property Location	**Ownership Interest**	**Carrying Amount**	**Ownership Interest**	**Carrying Amount**
The Preserve at Port Royal Venture, LLC	Port Royal, SC	77%	$ 18,310	77%	$ 13,840
Evergreens JV Holdings, LLC [(1)]	Durham, NC	—	—	85%	8,200
Total			$ 18,310		$ 22,040

(1) The Company's equity investment was redeemed during the year ended December 31, 2019.

Equity Investments in Entities That Invest In Residential Properties and Mortgage Loans

The Company has ownership interests in entities that invest in residential properties and mortgage loans. We may receive variable distributions from these investments based upon underlying asset performance and record our positions at fair value. The following table summarizes our ownership interests in entities that invest in residential properties and mortgage loans as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

		December 31, 2019		December 31, 2018	
	Strategy	**Ownership Interest**	**Carrying Amount**	**Ownership Interest**	**Carrying Amount**
Morrocroft Neighborhood Stabilization Fund II, LP	Single-Family Rental Properties	11%	$ 11,796	11%	$ 10,954
Headlands Asset Management Fund III (Cayman), LP (Headlands Flagship Opportunity Fund Series I)	Residential Mortgage Loans	49%	53,776	—	—
Total			$ 65,572		$ 10,954

Distressed and Other Residential Mortgage Loans, at Fair Value

Certain of the Company's acquired residential mortgage loans, including distressed residential mortgage loans, non-QM loans, second mortgages and residential bridge loans, are presented at fair value on its consolidated balance sheets as a result of a fair value election made at the time of acquisition pursuant to ASC 825. Subsequent changes in fair value are reported in current period earnings and presented in unrealized gains (losses), net on the Company's consolidated statements of operations.

The following table details our distressed and other residential mortgage loans, at fair value at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019			December 31, 2018		
	Number of Loans	**Unpaid Principal**	**Fair Value**	**Number of Loans**	**Unpaid Principal**	**Fair Value**
Distressed Residential Mortgage Loans	5,696	$ 964,842	$ 940,141	3,352	$ 627,092	$ 576,816
Other Residential Mortgage Loans	2,534	500,142	489,613	1,539	161,280	160,707

Characteristics of Our Distressed and Other Residential Mortgage Loans, at Fair Value:

Loan to Value at Purchase [(1)]	**December 31, 2019**	**December 31, 2018**
50.00% or less	16.9%	18.5%
50.01% - 60.00%	13.6%	13.6%
60.01% - 70.00%	18.7%	14.5%
70.01% - 80.00%	17.9%	15.9%
80.01% - 90.00%	15.0%	15.4%
90.01% - 100.00%	9.6%	9.3%
100.01% and over	8.3%	12.8%
Total	100.0%	100.0%

(1) For second mortgages, the Company calculates the combined loan to value. For residential bridge loans, the Company calculates as the ratio of the maximum unpaid principal balance of the loan, including unfunded commitments, to the estimated "after repaired" value of the collateral securing the related loan.

FICO Scores at Purchase	**December 31, 2019**	**December 31, 2018**
550 or less	22.7%	26.0%
551 to 600	19.8%	21.9%
601 to 650	16.0%	17.3%
651 to 700	14.2%	12.7%
701 to 750	12.3%	10.3%
751 to 800	10.7%	7.8%
801 and over	4.3%	4.0%
Total	100.0%	100.0%

Current Coupon	**December 31, 2019**	**December 31, 2018**
3.00% or less	5.1%	8.6%
3.01% - 4.00%	18.7%	16.1%
4.01% - 5.00%	39.2%	35.2%
5.01% – 6.00%	18.7%	19.0%
6.01% and over	18.3%	21.1%
Total	100.0%	100.0%

Delinquency Status	December 31, 2019	December 31, 2018
Current	82.4%	71.8%
31 – 60 days	6.5%	6.4%
61 – 90 days	2.7%	12.3%
90+ days	8.4%	9.5%
Total	100.0%	100.0%

Origination Year	December 31, 2019	December 31, 2018
2005 or earlier	20.0%	23.8%
2006	14.0%	16.0%
2007	22.1%	27.4%
2008 or later	43.9%	32.8%
Total	100.0%	100.0%

Distressed and Other Residential Mortgage Loans, Net

Distressed Residential Mortgage Loans accounted for under ASC 310-30:

Certain of the distressed residential mortgage loans acquired by the Company at a discount, with evidence of credit deterioration since their origination and where it is probable that the Company will not collect all contractually required principal payments, are accounted for under ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* ("ASC 310-30"). Management evaluates whether there is evidence of credit quality deterioration as of the acquisition date using indicators such as past due or modified status, risk ratings, recent borrower credit scores and recent loan-to-value percentages.

The following table details our portfolio of distressed residential mortgage loans at carrying value at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	Number of Loans	Unpaid Principal	Carrying Value
December 31, 2019	2,017	$ 167,013	$ 158,726
December 31, 2018	2,702	242,007	228,466

Characteristics of Distressed Residential Mortgage Loans accounted for under ASC 310-30:

Loan to Value at Purchase	December 31, 2019	December 31, 2018
50.00% or less	4.6%	3.9%
50.01% - 60.00%	5.1%	4.8%
60.01% - 70.00%	6.7%	7.6%
70.01% - 80.00%	14.3%	12.4%
80.01% - 90.00%	14.2%	13.7%
90.01% - 100.00%	15.8%	15.0%
100.01% and over	39.3%	42.6%
Total	100.0%	100.0%

FICO Scores at Purchase	December 31, 2019	December 31, 2018
550 or less	22.3%	20.3%
551 to 600	31.6%	30.5%
601 to 650	29.0%	29.3%
651 to 700	11.2%	12.3%
701 to 750	4.3%	5.3%
751 to 800	1.5%	1.9%
801 and over	0.1%	0.4%
Total	100.0%	100.0%

Current Coupon	December 31, 2019	December 31, 2018
3.00% or less	6.1%	7.9%
3.01% - 4.00%	6.8%	8.5%
4.01 to 5.00%	22.3%	21.2%
5.01 - 6.00%	13.0%	13.6%
6.01% and over	51.8%	48.8%
Total	100.0%	100.0%

Delinquency Status	December 31, 2019	December 31, 2018
Current	67.0%	65.7%
31- 60 days	6.1%	10.6%
61 - 90 days	2.6%	4.5%
90+ days	24.3%	19.2%
Total	100.0%	100.0%

Origination Year	December 31, 2019	December 31, 2018
2005 or earlier	30.6%	29.2%
2006	17.7%	17.9%
2007	30.6%	32.1%
2008 or later	21.1%	20.8%
Total	100.0%	100.0%

Distressed and Other Residential Loans Financing

Repurchase Agreements

The Company has master repurchase agreements with two third party financial institutions to fund the purchase of distressed and other residential mortgage loans, including both first and second mortgages. The following table presents detailed information about the Company's borrowings under repurchase agreements and associated assets pledged as collateral at December 31, 2019 and 2018 (dollar amounts in thousands):

	Maximum Aggregate Uncommitted Principal Amount	Outstanding Repurchase Agreements	Carrying Value of Loans Pledged[1]	Weighted Average Rate	Weighted Average Months to Maturity
December 31, 2019	$ 1,200,000	$ 754,132	$ 961,749	3.67%	11.20
December 31, 2018	$ 950,000	$ 589,148	$ 754,352	4.67%	9.24

(1) Includes distressed and other residential mortgage loans at fair value of $881.2 million and $626.2 million and distressed and other residential mortgage loans, net of $80.6 million and $128.1 million at December 31, 2019 and 2018, respectively.

The Company expects to roll outstanding borrowings under these master repurchase agreements into new repurchase agreements or other financings prior to or at maturity.

The following table details the quarterly average balance, ending balance and maximum balance at any month-end during each quarter in 2019, 2018 and 2017 for our repurchase agreement borrowings secured by distressed and other residential mortgage loans, including both first and second mortgages (dollar amounts in thousands):

Quarter Ended	Quarterly Average Balance	End of Quarter Balance	Maximum Balance at any Month-End
December 31, 2019	$ 764,511	$ 754,132	$ 774,666
September 30, 2019	745,972	736,348	755,299
June 30, 2019	705,817	761,361	761,361
March 31, 2019	595,897	619,605	619,605
December 31, 2018	301,956	589,148	589,148
September 30, 2018	179,241	177,378	181,574
June 30, 2018	176,951	192,553	197,263
March 31, 2018	150,537	149,535	153,236
December 31, 2017	151,523	149,715	159,708
September 30, 2017	160,546	161,006	169,099
June 30, 2017	172,221	175,597	175,597
March 31, 2017	185,047	173,283	191,510

Securitized Debt

As of December 31, 2019, the Company had no Securitized Debt outstanding related to its residential loans.

As of December 31, 2018, $88.1 million of distressed residential mortgage loans were held in a securitization trust and were pledged as collateral for certain of the securitized debt issued by the Company. As of December 31, 2018, the interest rate on the distressed residential mortgage loan securitization trust was 4.0%. The Company's net investment in this securitization trust was the maximum amount of the Company's investment that was at risk to loss and represented the difference between the carrying amount of the net assets and liabilities associated with the distressed residential mortgage loans held in securitization trust. The Company had a net investment in this securitization trust of $85.7 million as of December 31, 2018. In March 2019, the Company repaid $6.5 million in outstanding notes from this securitization and distressed residential mortgage loans with a carrying value of $80.0 million became unencumbered.

Residential Mortgage Loans Held in Securitization Trusts, Net and Residential CDOs

Residential Mortgage Loans Held in Securitization Trusts, Net

Included in our portfolio are prime ARM loans that we originated or purchased in bulk from third parties that met our investment criteria and portfolio requirements and that we subsequently securitized in 2005. The following table details our residential mortgage loans held in securitization trusts, net at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	Number of Loans	Unpaid Principal	Carrying Value
December 31, 2019	166	$ 47,237	$ 44,030
December 31, 2018	196	60,171	56,795

Of the residential mortgage loans held in securitization trusts, net, 100% are traditional ARMs or hybrid ARMs, 81.3% of which were ARM loans that were interest only at the time of origination. With respect to the hybrid ARMs included in these securitizations, interest rate reset periods were predominately five years or less and the interest-only period is typically nine years. None of the residential mortgage loans held in securitization trusts, net are pay option-ARMs or ARMs with negative amortization. As of December 31, 2019, the interest only period for the interest only ARM loans included in these securitizations has ended.

Characteristics of Our Residential Mortgage Loans Held in Securitization Trusts, Net:

The following table sets forth the composition of our residential mortgage loans held in securitization trusts, net as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019			December 31, 2018		
	Average	**High**	**Low**	**Average**	**High**	**Low**
General Loan Characteristics:						
Original Loan Balance	$ 417	$ 2,850	$ 48	$ 425	$ 2,850	$ 48
Current Coupon Rate	4.58%	6.38%	3.00%	4.75%	6.63%	3.00%
Gross Margin	2.36%	4.13%	1.25%	2.36%	4.13%	1.13%
Lifetime Cap	11.35%	12.63%	9.38%	11.32%	12.63%	9.38%
Original Term (Months)	360	360	360	360	360	360
Remaining Term (Months)	185	192	151	197	204	163
Average Months to Reset	5	11	1	5	11	1
Original FICO Score	726	818	603	725	818	603
Original LTV	70.37%	95.00%	16.28%	70.54%	95.00%	16.28%

Residential Collateralized Debt Obligations

All of the Company’s residential mortgage loans held in securitization trusts, net are pledged as collateral for Residential CDOs issued by the Company. The Company retained the owner trust certificates, or residual interest, in three securitization trusts. As of December 31, 2019 and 2018, we had Residential CDOs outstanding of $40.4 million and $53.0 million, respectively. The Company’s net investment in the residential securitization trusts, which is the maximum amount of the Company’s investment that is at risk to loss and represents the difference between (i) the carrying amount of the mortgage loans, real estate owned and receivables held in residential securitization trusts and (ii) the amount of Residential CDOs outstanding, was $4.9 million and $4.8 million as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the weighted average interest rate of these Residential CDOs was 2.41% and 3.12%, respectively.

Derivative Assets and Liabilities

The Company enters into derivative instruments in connection with its risk management activities. These derivative instruments may include interest rate swaps, swaptions, futures, options on futures and mortgage derivatives such as forward-settling purchases and sales of Agency RMBS where the underlying pools of mortgage loans are “To-Be-Announced,” or TBAs. Our current derivative instruments are comprised of interest rate swaps. We use interest rate swaps to hedge variable cash flows associated with our variable rate borrowings. We typically pay a fixed rate and receive a floating rate based on one- or three- month LIBOR, on the notional amount of the interest rate swaps. The floating rate we receive under our swap agreements has the effect of offsetting the repricing characteristics and cash flows of our financing arrangements. For the years ended December 31, 2019 and 2018, we recognized unrealized losses of $30.7 million and unrealized gains of $0.9 million, respectively.

Unrealized gains and losses include the change in market value, period over period, generally as a result of changes in interest rates. We may or may not ultimately realize these unrealized derivative losses depending upon trade activity, changes in interest rates and the values of the underlying securities.

Derivative financial instruments may contain credit risk to the extent that the institutional counterparties may be unable to meet the terms of the agreements. Currently, all of the Company’s interest rate swaps outstanding are cleared through CME Group Inc. (“CME Clearing”) which is the parent company of the Chicago Mercantile Exchange Inc. CME Clearing serves as the counterparty to every cleared transaction, becoming the buyer to each seller and the seller to each buyer, limiting the credit risk by guaranteeing the financial performance of both parties and netting down exposures.

Debt

The Company's debt as of December 31, 2019 included Convertible Notes and Subordinated Debentures.

Convertible Notes

On January 23, 2017, the Company issued $138.0 million aggregate principal amount of its 6.25% Senior Convertible Notes due 2022 in an underwritten public offering. The net proceeds to the Company from the sale of the Convertible Notes, after deducting the underwriter's discounts, commissions and offering expenses, were approximately $127.0 million with the total cost to the Company of approximately 8.24%.

Subordinated Debentures

As of December 31, 2019, certain of our wholly-owned subsidiaries had trust preferred securities outstanding of $45.0 million with a weighted average interest rate of 5.79%. The securities are fully guaranteed by us with respect to distributions and amounts payable upon liquidation, redemption or repayment. These securities are classified as subordinated debentures in the liability section of our consolidated balance sheets.

Balance Sheet Analysis - Company's Stockholders' Equity

The Company's stockholders' equity at December 31, 2019 was $2.2 billion and included $25.1 million of accumulated other comprehensive income. The accumulated other comprehensive income at December 31, 2019 consisted primarily of $12.6 million in net unrealized gains related to our CMBS and $12.5 million in net unrealized gains related to non-Agency RMBS. The Company's stockholders' equity at December 31, 2018 was $1.2 billion and included $22.1 million of accumulated other comprehensive loss. The accumulated other comprehensive loss at December 31, 2018 consisted of $38.3 million in unrealized losses related to our Agency RMBS and $1.2 million in net unrealized losses related to our non-Agency RMBS, partially offset by $17.4 million in net unrealized gains related to our CMBS.

Liquidity and Capital Resources

General

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments, comply with margin requirements, fund our operations, pay management and incentive fees, pay dividends to our stockholders and other general business needs. Our investments and assets, excluding the multi-family CMBS first loss POs we invest in, generate liquidity on an ongoing basis through principal and interest payments, prepayments, net earnings retained prior to payment of dividends and distributions from unconsolidated investments. Our multi-family CMBS first loss POs are backed by balloon non-recourse mortgage loans that provide for the payment of principal at maturity date, which is typically ten to fifteen years from the date the underlying mortgage loans are originated, and therefore do not directly contribute to monthly cash flows. In addition, the Company will, from time to time, sell on an opportunistic basis certain assets from its investment portfolio as part of its overall investment strategy and these sales are expected to provide additional liquidity.

We fund our investments and operations through a balanced and diverse funding mix, which includes proceeds from the issuance of common and preferred equity and debt securities, including convertible notes, short-term and longer-term repurchase agreement borrowings, CDOs, securitized debt and trust preferred debentures. The type and terms of financing used by us depends on the asset being financed and the financing available at the time of the financing. In those cases where we utilize some form of structured financing, be it through CDOs, longer-term repurchase agreements or securitized debt, the cash flow produced by the assets that serve as collateral for these structured finance instruments may be restricted in terms of its use or applied to pay principal or interest on CDOs, repurchase agreements, notes or other securities that are senior to our interests.

At December 31, 2019, we had cash and cash equivalents balances of $118.8 million, which increased from $103.7 million at December 31, 2018. Based on our current investment portfolio, new investment initiatives, leverage ratio and available and future possible borrowing arrangements, we believe our existing cash balances, funds available under our various financing arrangements and cash flows from operations will meet our liquidity requirements for at least the next 12 months.

Cash Flows and Liquidity for the Year Ended December 31, 2019

During the year ended December 31, 2019, net cash, cash equivalents and restricted cash increased by $12.5 million.

Cash Flows from Operating Activities

We generated net cash flows from operating activities of $35.1 million during the year ended December 31, 2019. Our cash flow provided by operating activities differs from our net income due to these primary factors: (i) differences between (a) accretion, amortization and recognition of income and losses recorded with respect to our investments and (b) the cash received therefrom and (ii) unrealized gains and losses on our investments and derivatives.

Cash Flows from Investing Activities

During the year ended December 31, 2019, our cash flows used in investing activities was $769.1 million, primarily as a result of purchases of residential mortgage loans and distressed residential mortgage loans, RMBS, including securities in Consolidated SLST, Agency CMBS and CMBS, including securities in the Consolidated K-Series, and funding of preferred equity, equity and mezzanine loan investments, reflecting our continued focus on single-family residential and multi-family investment strategies. These purchases were partially offset by principal repayments and proceeds from sales and refinancing of distressed and other residential mortgage loans, principal paydowns or repayments of investment securities and preferred equity and mezzanine loan investments and proceeds from sales of investment securities.

Although we generally intend to hold our investment securities as long-term investments, we may sell certain of these securities in order to manage our interest rate risk and liquidity needs, to meet other operating objectives or to adapt to market conditions. We cannot predict the timing and impact of future sales of investment securities, if any.

Because many of our investment securities are financed through repurchase agreements, a portion of the proceeds from any sales or principal repayments of our investment securities may be used to repay balances under these financing sources. Similarly, all or a significant portion of cash flows from principal repayments received on multi-family loans held in securitization trusts and principal repayments received from distressed and other residential mortgage loans would generally be used to repay CDOs issued by the respective Consolidated VIEs or repurchase agreements (included as cash used in financing activities).

As presented in the “Supplemental Disclosure - Non-Cash Investment Activities” subsection of our consolidated statements of cash flows, during the year ended December 31, 2019, we consolidated certain multi-family and residential securitization trusts which represent significant non-cash transactions that were not included in cash flows used in investing activities.

Cash Flows from Financing Activities

During the year ended December 31, 2019, our cash flows provided by financing activities was $746.4 million. The main sources of cash flows from financing activities were proceeds from repurchase agreements for both our investment securities and distressed and other residential mortgage loans and net proceeds from various issuances of both our common and preferred stock. During the year ended December 31, 2019, we paid dividends on both our common and preferred stock, redeemed our multi-family CMBS re-securitization and repaid outstanding notes from our distressed residential mortgage loan securitization.

Liquidity – Financing Arrangements

We rely primarily on short-term repurchase agreements to finance the more liquid assets in our investment portfolio. Over the last several years, certain repurchase agreement lenders have elected to exit the repo lending market for various reasons, including new capital requirement regulations. However, as certain lenders have exited the space, other financing counterparties that had not participated in the repo lending market historically have stepped in, offsetting, in part the lenders that have elected to exit.

As of December 31, 2019, we have outstanding short-term repurchase agreements, a form of collateralized short-term borrowing, with fourteen different financial institutions. These agreements are secured by certain of our investment securities and bear interest rates that have historically moved in close relationship to LIBOR. Our borrowings under repurchase agreements are based on the fair value of our investment securities that serve as collateral under these agreements. Interest rate changes and increased prepayment activity can have a negative impact on the valuation of these securities, reducing the amount we can borrow under these agreements. Moreover, our repurchase agreements allow the counterparties to determine a new market value of the collateral to reflect current market conditions and because these lines of financing are not committed, the counterparty can call the loan at any time. Market value of the collateral represents the price of such collateral obtained from generally recognized sources or most recent closing bid quotation from such source plus accrued income. If a counterparty determines that the value of the collateral has decreased, the counterparty may initiate a margin call and require us to either post additional collateral to cover such decrease or repay a portion of the outstanding borrowing in cash, on minimal notice. Moreover, in the event an existing counterparty elected to not renew the outstanding balance at its maturity into a new repurchase agreement, we would be required to repay the outstanding balance with cash or proceeds received from a new counterparty or to surrender the securities that serve as collateral for the outstanding balance, or any combination thereof. If we are unable to secure financing from a new counterparty and had to surrender the collateral, we would expect to incur a loss. In addition, in the event one of our lenders under the repurchase agreement defaults on its obligation to “re-sell” or return to us the securities that are securing the borrowings at the end of the term of the repurchase agreement, we would incur a loss on the transaction equal to the amount of “haircut” associated with the short-term repurchase agreement, which we sometimes refer to as the “amount at risk.” As of December 31, 2019, we had an aggregate amount at risk under our repurchase agreements of approximately $487.3 million, with no more than approximately $83.2 million at risk with any single counterparty. At December 31, 2019, the Company had short-term repurchase agreement borrowings of $2.4 billion as compared to $1.5 billion as of December 31, 2018.

As of December 31, 2019, we had assets available to be posted as margin which included liquid assets, such as unrestricted cash and cash equivalents, and unencumbered securities that could be monetized to pay down or collateralize a liability immediately. We had $118.8 million in cash and cash equivalents, and $535.8 million in unencumbered investment securities to meet additional haircuts or market valuation requirements, which collectively represent 27.8% of our financing arrangements. The unencumbered securities that we believe may be posted as margin as of December 31, 2019 included $83.4 million of Agency RMBS, $235.2 million of CMBS, $168.1 million of non-Agency RMBS and $49.2 million of ABS.

At December 31, 2019, the Company also had longer-term master repurchase agreements with terms of up to 18 months with certain third party financial institutions that are secured by certain of our residential mortgage loans. See “Management's Discussion and Analysis of Financial Condition and Results of Operations—Balance Sheet Analysis—Distressed and Other Residential Loans Financing—Repurchase Agreements” for further information.

The Company has $138.0 million aggregate principal amount of Convertible Notes outstanding. The Convertible Notes were issued at 96% of the principal amount, bear interest at a rate equal to 6.25% per year, payable semi-annually in arrears on January 15 and July 15 of each year, and are expected to mature on January 15, 2022, unless earlier converted or repurchased. The Company does not have the right to redeem the Convertible Notes prior to maturity and no sinking fund is provided for the Convertible Notes. Holders of the Convertible Notes are permitted to convert their Convertible Notes into shares of the Company's common stock at any time prior to the close of business on the business day immediately preceding January 15, 2022. The conversion rate for the Convertible Notes, which is subject to adjustment upon the occurrence of certain specified events, initially equals 142.7144 shares of the Company's common stock per $1,000 principal amount of Convertible Notes, which is equivalent to a conversion price of approximately $7.01 per share of the Company's common stock, based on a $1,000 principal amount of the Convertible Notes.

At December 31, 2019, we also had other longer-term debt, including Residential CDOs outstanding of $40.4 million, SLST CDOs outstanding of $1.1 billion (which represent obligations of Consolidated SLST), Multi-family CDOs outstanding of $16.7 billion (which represent obligations of the Consolidated K-Series), and subordinated debt outstanding of $45.0 million. The CDOs are collateralized by residential and multi-family loans held in securitization trusts, respectively.

As of December 31, 2019, our total debt leverage ratio, which represents our total debt divided by our total stockholders' equity, was approximately 1.5 to 1. Our total debt leverage ratio does not include debt associated with the Multi-family CDOs, SLST CDOs, Residential CDOs or other non-recourse debt, for which we have no obligation. As of December 31, 2019, our portfolio leverage ratio, which represents our repurchase agreement borrowings divided by our total stockholders' equity, was approximately 1.4 to 1. We monitor all at risk or short-term borrowings to ensure that we have adequate liquidity to satisfy margin calls and have the ability to respond to other market disruptions.

Liquidity – Hedging and Other Factors

Certain of our hedging instruments may also impact our liquidity. We may use interest rate swaps, swaptions, TBAs or other futures contracts to hedge interest rate and market value risk associated with our investments in Agency RMBS.

With respect to interest rate swaps, futures contracts and TBAs, initial margin deposits, which can be comprised of either cash or securities, will be made upon entering into these contracts. During the period these contracts are open, changes in the value of the contract are recognized as unrealized gains or losses by marking to market on a daily basis to reflect the market value of these contracts at the end of each day's trading. We may be required to satisfy variable margin payments periodically, depending upon whether unrealized gains or losses are incurred. In addition, because delivery of TBAs extend beyond the typical settlement dates for most non-derivative investments, these transactions are more prone to market fluctuations between the trade date and the ultimate settlement date, and thereby are more vulnerable to increasing amounts at risk with the applicable counterparties.

For additional information regarding the Company's derivative instruments and hedging activities for the periods covered by this report, including the fair values and notional amounts of these instruments and realized and unrealized gains and losses relating to these instruments, please see Note 11 to our consolidated financial statements included in this report. Also, please see Item 7A. Quantitative and Qualitative Disclosures about Market Risk, under the caption, "Fair Value Risk", for a tabular presentation of the sensitivity of the fair value and net duration changes of the Company's portfolio across various changes in interest rates, which takes into account the Company's hedging activities.

Liquidity — Securities Offerings

In addition to the financing arrangements described above under the caption "Liquidity—Financing Arrangements," we also rely on follow-on equity offerings of common and preferred stock, and may utilize from time to time debt securities offerings, as a source of both short-term and long-term liquidity. We also may generate liquidity through the sale of shares of our common stock or preferred stock in at-the-market equity offering programs pursuant to equity distribution agreements, as well as through the sale of shares of our common stock pursuant to our Dividend Reinvestment Plan ("DRIP"). Our DRIP provides for the issuance of up to $20,000,000 of shares of our common stock.

The following table details the Company's public and at-the-market offerings of both common and preferred stock during the year ended December 31, 2019 (dollar amounts in thousands):

Offering Type	Shares Issued	Net Proceeds [1]	Amount Remaining Available for Issuance under Offering Program
Public offerings of common stock	132,940,000	$ 790,777	N/A
At-the-market common stock	2,260,200	$ 13,621	$ 72,526
Public offering of preferred stock	6,900,000	$ 166,716	N/A
At-the-market preferred stock	1,972,888	$ 48,357	$ 82,383

(1) Proceeds are net of underwriting discounts and commissions and offering expenses, as applicable.

Additionally, on January 10, 2020, the Company issued 34,500,000 shares of its common stock through an underwritten public offering, resulting in total net proceeds to the Company of $206.7 million after deducting underwriting discounts and commissions and estimated offering expenses. On February 13, 2020, the Company issued 50,600,000 shares of its common stock through an underwritten public offering, resulting in total net proceeds to the Company of $305.3 million after deducting underwriting discounts and commissions and estimated offering expenses.

Dividends

For information regarding the declaration and payment of dividends on our common stock and preferred stock for the periods covered by this report, please see Note 16 to our consolidated financial statements included in this report.

We expect to continue to pay quarterly cash dividends on our common stock during the near term. However, our Board of Directors will continue to evaluate our dividend policy each quarter and will make adjustments as necessary, based on a variety of factors, including, among other things, the need to maintain our REIT status, our financial condition, liquidity, earnings projections and business prospects. Our dividend policy does not constitute an obligation to pay dividends.

We intend to make distributions to our stockholders to comply with the various requirements to maintain our REIT status and to minimize or avoid corporate income tax and the nondeductible excise tax. However, differences in timing between the recognition of REIT taxable income and the actual receipt of cash could require us to sell assets or to borrow funds on a short-term basis to meet the REIT distribution requirements and to minimize or avoid corporate income tax and the nondeductible excise tax.

Inflation

Substantially all our assets and liabilities are financial in nature and are sensitive to interest rate and other related factors to a greater degree than inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates. Our consolidated financial statements and corresponding notes thereto have been prepared in accordance with GAAP, which require the measurement of financial position and operating results in terms of historical dollars without considering inflation.

Contractual Obligations and Commitments

The Company had the following contractual obligations at December 31, 2019 (dollar amounts in thousands):

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Operating leases	$ 1,595	$ 3,431	$ 3,280	$ 6,699	$ 15,005
Repurchase agreements	3,005,405	100,011	—	—	3,105,416
Subordinated debentures (1)	2,653	5,292	5,299	72,829	86,073
Interest rate swaps (1)	3,251	6,503	6,464	10,327	26,545
Convertible notes (1)	8,625	150,938	—	—	159,563
Employment agreements	900	—	—	—	900
Total contractual obligations (2)	$ 3,022,429	$ 266,175	$ 15,043	$ 89,855	$ 3,393,502

(1) Amounts include projected interest payments during the period. Interest based on interest rates in effect on December 31, 2019.

(2) We exclude our Residential CDOs from the contractual obligations disclosed in the table above as this debt is non-recourse and not cross-collateralized and, therefore, must be satisfied exclusively from the proceeds of the residential mortgage loans and real estate owned held in our residential mortgage loan securitization trust. See *Note 13* in the Notes to Consolidated Financial Statements for further information regarding our Residential CDOs. Our Multi-Family CDOs and SLST CDOs, which represent the CDOs issued by the Consolidated K-Series and Consolidated SLST, respectively, are excluded as this debt is non-recourse to us.

Off-Balance Sheet Arrangements

We did not maintain any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, we have not guaranteed any obligations of unconsolidated entities nor do we have any commitment or intent to provide funding to any such entities.

Item 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

This section should be read in conjunction with "Item 1A. Risk Factors" in this Annual Report on Form 10-K and our subsequent periodic reports filed with the SEC.

We seek to manage risks that we believe will impact our business including interest rates, liquidity, prepayments, credit quality and market value. When managing these risks we consider the impact on our assets, liabilities and derivative positions. While we do not seek to avoid risk completely, we believe the risk can be quantified from historical experience. We seek to actively manage that risk, to generate risk-adjusted total returns that we believe compensate us appropriately for those risks and to maintain capital levels consistent with the risks we take.

The following analysis includes forward-looking statements that assume that certain market conditions occur. Actual results may differ materially from these projected results due to changes in our portfolio assets and borrowings mix and due to developments in the domestic and global financial and real estate markets. Developments in the financial markets include the likelihood of changing interest rates and the relationship of various interest rates and their impact on our portfolio yield, cost of funds and cash flows. The analytical methods that we use to assess and mitigate these market risks should not be considered projections of future events or operating performance.

Interest Rate Risk

Interest rates are sensitive to many factors, including governmental, monetary, tax policies, domestic and international economic conditions, and political or regulatory matters beyond our control. Changes in interest rates affect the value of the assets we manage and hold in our investment portfolio and the variable-rate borrowings we use to finance our portfolio. Changes in interest rates also affect the interest rate swaps and caps, TBAs and other securities or instruments we may use to hedge our portfolio. As a result, our net interest income is particularly affected by changes in interest rates.

For example, we hold RMBS, some of which may have fixed rates or interest rates that adjust on various dates that are not synchronized to the adjustment dates on our repurchase agreements. In general, the re-pricing of our repurchase agreements occurs more quickly than the re-pricing of our variable-interest rate assets. Thus, it is likely that our floating rate borrowings, such as our repurchase agreements, may react to interest rates before our RMBS because the weighted average next re-pricing dates on the related borrowings may have shorter time periods than that of the RMBS. In addition, the interest rates on our Agency ARMs backed by hybrid ARMs may be limited to a "periodic cap," or an increase of typically 1% or 2% per adjustment period, while our borrowings do not have comparable limitations. Moreover, changes in interest rates can directly impact prepayment speeds, thereby affecting our net return on RMBS. During a declining interest rate environment, the prepayment of RMBS may accelerate (as borrowers may opt to refinance at a lower interest rate) causing the amount of liabilities that have been extended by the use of interest rate swaps to increase relative to the amount of RMBS, possibly resulting in a decline in our net return on RMBS, as replacement RMBS may have a lower yield than those being prepaid. Conversely, during an increasing interest rate environment, RMBS may prepay more slowly than expected, requiring us to finance a higher amount of RMBS than originally forecast and at a time when interest rates may be higher, resulting in a decline in our net return on RMBS. Accordingly, each of these scenarios can negatively impact our net interest income.

We seek to manage interest rate risk in our portfolio by utilizing interest rate swaps, swaptions, interest rate caps, futures, options on futures and U.S. Treasury securities with the goal of optimizing the earnings potential while seeking to maintain long term stable portfolio values. We continually monitor the duration of our mortgage assets and have a policy to hedge the financing of those assets such that the net duration of the assets, our borrowed funds related to such assets, and related hedging instruments, is less than one year.

We utilize a model-based risk analysis system to assist in projecting portfolio performances over a scenario of different interest rates. The model incorporates shifts in interest rates, changes in prepayments and other factors impacting the valuations of our financial securities and derivative hedging instruments.

Based on the results of the model, the instantaneous changes in interest rates specified below would have had the following effect on our net interest income for the next 12 months based on our assets and liabilities as of December 31, 2019 (dollar amounts in thousands):

Changes in Net Interest Income

Changes in Interest Rates (basis points)	Changes in Net Interest Income	
+200	$	(34,452)
+100	$	(18,910)
-100	$	15,584

Interest rate changes may also impact our book value as our assets and related hedge derivatives are marked-to-market each quarter. Generally, as interest rates increase, the value of our mortgage assets decreases, and conversely, as interest rates decrease, the value of such assets will increase. In general, we expect that, over time, decreases in the value of our portfolio attributable to interest rate changes will be offset, to the degree we are hedged, by increases in the value of our interest rate swaps or other financial instruments used for hedging purposes, and vice versa. However, the relationship between spreads on our assets and spreads on our hedging instruments may vary from time to time, resulting in an aggregate book value increase or decline.

Liquidity Risk

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments, pay dividends to our stockholders and other general business needs. The primary liquidity risk we face arises from financing long-maturity assets with shorter-term borrowings primarily in the form of repurchase agreement financings. We recognize the need to have funds available to operate our business. We manage and forecast our liquidity needs and sources daily to ensure that we have adequate liquidity at all times. We plan to meet liquidity through normal operations with the goal of avoiding unplanned sales of assets or emergency borrowing of funds.

We are subject to “margin call” risk under our repurchase agreements. In the event the value of our assets pledged as collateral suddenly decreases, margin calls relating to our repurchase agreements could increase, causing an adverse change in our liquidity position. Additionally, if one or more of our repurchase agreement counterparties chooses not to provide ongoing funding, we may be unable to replace the financing through other lenders on favorable terms or at all. As such, we provide no assurance that we will be able to roll over or replace our repurchase agreements as they mature from time to time in the future. See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in this Annual Report on Form 10-K for further information about our liquidity and capital resource management.

Derivative financial instruments are also subject to “margin call” risk. For example, under our interest rate swaps, typically we pay a fixed rate to the counterparties while they pay us a floating rate. If interest rates drop below the fixed rate we are paying on an interest rate swap, we may be required to post cash margin.

Prepayment Risk

When borrowers repay the principal on their residential mortgage loans before maturity or faster than their scheduled amortization, the effect generally is to shorten the period over which interest is earned, and therefore, reduce the yield for residential mortgage assets purchased at a premium to their then current balance, as with our portfolio of Agency RMBS. Conversely, residential mortgage assets purchased for less than their then current balance, such as our distressed residential mortgage loans, exhibit higher yields due to faster prepayments. Furthermore, actual prepayment speeds may differ from our modeled prepayment speed projections impacting the effectiveness of any hedges we have in place to mitigate financing and/or fair value risk. Generally, when market interest rates decline, borrowers have a tendency to refinance their mortgages, thereby increasing prepayments.

Our modeled prepayments will help determine the amount of hedging we use to offset changes in interest rates. If actual prepayment rates are higher than modeled, the yield will be less than modeled in cases where we paid a premium for the particular residential mortgage asset. Conversely, when we have paid a premium, if actual prepayment rates experienced are slower than modeled, we would amortize the premium over a longer time period, resulting in a higher yield to maturity.

In an environment of increasing prepayment speeds, the timing difference between the actual cash receipt of principal paydowns and the announcement of the principal paydowns may result in additional margin requirements from our repurchase agreement counterparties.

We mitigate prepayment risk by constantly evaluating our residential mortgage assets relative to prepayment speeds observed for assets with similar structures, quantities and characteristics. Furthermore, we stress-test the portfolio as to prepayment speeds and interest rate risk in order to further develop or make modifications to our hedge balances. Historically, we have not hedged 100% of our liability costs due to prepayment risk.

Credit Risk

Credit risk is the risk that we will not fully collect the principal we have invested in our credit sensitive assets, including distressed residential and other residential mortgage loans, non-Agency RMBS, ABS, multi-family CMBS, preferred equity and mezzanine loan and joint venture equity investments, due to borrower defaults. In selecting the credit sensitive assets in our portfolio, we seek to identify and invest in assets with characteristics that we believe offset or limit our exposure to borrower defaults.

We seek to manage credit risk through our pre-acquisition or pre-funding due diligence process, and by factoring projected credit losses into the purchase price we pay or loan terms we negotiate for all of our credit sensitive assets. In general, we evaluate relative valuation, supply and demand trends, prepayment rates, delinquency and default rates, vintage of collateral and macroeconomic factors as part of this process. Nevertheless, these procedures do not guarantee unanticipated credit losses which would materially affect our operating results.

With respect to the $158.7 million of distressed residential mortgage loans at carrying value and $940.1 million of distressed residential mortgage loans at fair value owned by the Company at December 31, 2019, we purchased the majority of these mortgage loans at a discount to par reflecting their distressed state or perceived higher risk of default. In connection with our loan acquisitions, we or a third party due diligence firm perform an independent review of the mortgage file to assess the state of mortgage loan files, the servicing of the mortgage loan, compliance with existing guidelines, as well as our ability to enforce the contractual rights in the mortgage. We also obtain certain representations and warranties from each seller with respect to the mortgage loans, as well as the enforceability of the lien on the mortgaged property. A seller who breaches these representations and warranties may be obligated to repurchase the loan from us. In addition, as part of our process, we focus on selecting a servicer with the appropriate expertise to mitigate losses and maximize our overall return on these residential mortgage loans. This involves, among other things, performing due diligence on the servicer prior to their engagement, assigning the appropriate servicer on each loan based on certain characteristics and monitoring each servicer’s performance on an ongoing basis.

We are exposed to credit risk in our investments in non-Agency RMBS, which includes first loss subordinated securities and certain IOs included in Consolidated SLST, totaling $965.9 million as of December 31, 2019. The non-Agency RMBS in our investment portfolio consist of either the senior, mezzanine, subordinated, and IO tranches in non-Agency securitizations. The underlying collateral of these securitizations are predominantly residential credit assets, which may be exposed to various macroeconomic and asset-specific credit risks. These securities have varying levels of credit enhancement which provides some structural protection from losses within the portfolio. We undertake an in-depth assessment of the underlying collateral and securitization structure when investing in these assets, which may include modeling defaults, prepayments and loss across different scenarios.

As of December 31, 2019, we own $824.5 million of multi-family CMBS comprised solely of first loss POs that are backed by commercial mortgage loans on multi-family properties at a weighted average amortized purchase price of approximately 47.6% of current par. Prior to the acquisition of each of our multi-family CMBS comprised of first loss POs, the Company completed an extensive review of the underlying loan collateral, including loan level cash flow re-underwriting, site inspections on selected properties, property specific cash flow and loss modeling, review of appraisals, property condition and environmental reports, and other credit risk analysis. We continue to monitor credit quality on an ongoing basis using updated property level financial reports provided by borrowers and periodic site inspection of selected properties. We also reconcile on a monthly basis the actual bond distributions received against projected distributions to assure proper allocation of cash flow generated by the underlying loan pool.

As of December 31, 2019, we own approximately $316.2 million of preferred equity, mezzanine loan and equity investments in owners of residential and multi-family properties. The performance and value of these investments depend upon the applicable operating partner's or borrower's ability to effectively operate the multi-family and residential properties, that serve as the underlying collateral, to produce cash flows adequate to pay distributions, interest or principal due to us. The Company monitors the performance and credit quality of the underlying assets that serve as collateral for its investments. In connection with these types of investments by us in multi-family properties, the procedures for ongoing monitoring include financial statement analysis and regularly scheduled site inspections of portfolio properties to assess property physical condition, performance of on-site staff and competitive activity in the sub-market. We also formulate annual budgets and performance goals alongside our operating partners for use in measuring the ongoing investment performance and credit quality of our investments. Additionally, the Company's preferred equity and equity investments typically provide us with various rights and remedies to protect our investment. In March 2017, the Company exercised such rights and remedies with respect to Riverchase Landing and The Clusters and effectively assumed control of both entities. In March 2018, the Company successfully resolved its investment in Riverchase Landing with the sale of the entity's multi-family apartment community and full redemption of the Company's preferred equity investment. In February 2019, the Company successfully resolved its investment in The Clusters with the sale of the entity's multi-family apartment community and full redemption of the Company's preferred equity investment.

Fair Value Risk

Changes in interest rates also expose us to market value (fair value) fluctuation on our assets, liabilities and hedges. While a significant amount of our assets (when excluding all Consolidated K-Series and Consolidated SLST assets other than the securities we actually own) that are measured on a recurring basis are determined using Level 2 fair values, we own certain assets, such as our multi-family CMBS first loss POs and residential mortgage loans, for which fair values may not be readily available if there are no active trading markets for the instruments. In such cases, fair values would only be derived or estimated for these investments using various valuation techniques, such as computing the present value of estimated future cash flows using discount rates commensurate with the risks involved. However, the determination of estimated future cash flows is inherently subjective and imprecise. Minor changes in assumptions or estimation methodologies can have a material effect on these derived or estimated fair values. Our fair value estimates and assumptions are indicative of the interest rate environments as of December 31, 2019 and do not take into consideration the effects of subsequent interest rate fluctuations.

We note that the fair values of our investments in derivative instruments will be sensitive to changes in market interest rates, interest rate spreads, credit spreads and other market factors. The value of these investments can vary and has varied materially from period to period.

The following describes the methods and assumptions we use in estimating fair values of our financial instruments:

Fair value estimates are made as of a specific point in time based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, estimate of future cash flows, future expected loss experience and other factors.

Changes in assumptions could significantly affect these estimates and the resulting fair values. Derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instrument. Also, because of differences in methodologies and assumptions used to estimate fair values, the fair values used by us should not be compared to those of other companies.

The table below presents the sensitivity of the fair value and net duration changes of our portfolio as of December 31, 2019, using a discounted cash flow simulation model assuming an instantaneous interest rate shift. Application of this method results in an estimation of the fair market value change of our assets, liabilities and hedging instruments per 100 basis point ("bp") shift in interest rates.

The use of hedging instruments is a critical part of our interest rate risk management strategies, and the effects of these hedging instruments on the market value of the portfolio are reflected in the model's output. This analysis also takes into consideration the value of options embedded in our mortgage assets including constraints on the re-pricing of the interest rate of assets resulting from periodic and lifetime cap features, as well as prepayment options. Assets and liabilities that are not interest rate-sensitive such as cash, payment receivables, prepaid expenses, payables and accrued expenses are excluded.

Changes in assumptions including, but not limited to, volatility, mortgage and financing spreads, prepayment behavior, defaults, as well as the timing and level of interest rate changes will affect the results of the model. Therefore, actual results are likely to vary from modeled results.

Fair Value Changes

Changes in Interest Rates	Changes in Fair Value		Net Duration
(basis points)	(dollar amounts in thousands)		
+200	$	(276,286)	3.53
+100	$	(129,956)	3.13
Base			3.35
-100	$	130,275	2.80

It should be noted that the model is used as a tool to identify potential risk in a changing interest rate environment but does not include any changes in portfolio composition, financing strategies, market spreads or changes in overall market liquidity.

Although market value sensitivity analysis is widely accepted in identifying interest rate risk, it does not take into consideration changes that may occur such as, but not limited to, changes in investment and financing strategies, changes in market spreads and changes in business volumes. Accordingly, we make extensive use of an earnings simulation model to further analyze our level of interest rate risk.

Item 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

Our financial statements and the related notes, together with the Report of Independent Registered Public Accounting Firm thereon, as required by this Item 8, are set forth beginning on page F-1 of this Annual Report on Form 10-K and are incorporated herein by reference.

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Item 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

Item 9A. ***CONTROLS AND PROCEDURES***

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosures. An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2019. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2019.

Management's Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control system was designed to provide reasonable assurance to our management and Board of Directors regarding the reliability, preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)* (the "COSO framework"). Based on our evaluation under the COSO framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report which appears in Item 15(a) of this Annual Report on Form 10-K and is incorporated by reference herein.

Changes in Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls. Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 9B. ***OTHER INFORMATION***

None.

PART III

Item 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required by this item is included in our Proxy Statement for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2019 (the "2020 Proxy Statement") and is incorporated herein by reference.

Item 11. *EXECUTIVE COMPENSATION*

The information required by this item is included in the 2020 Proxy Statement and is incorporated herein by reference.

Item 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

Except as set forth below, the information required by this item is included in the 2020 Proxy Statement and is incorporated herein by reference.

The information presented under the heading "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Securities Authorized for Issuance Under Equity Compensation Plans" in Item 5 of Part II of this Form 10-K is incorporated herein by reference.

Item 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

The information required by this item is included in the 2020 Proxy Statement and is incorporated herein by reference.

Item 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The information required by this item is included in the 2020 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES*

(a) Financial Statements

(b) Exhibits.

EXHIBIT INDEX

Exhibits: The exhibits required by Item 601 of Regulation S-K are listed below. Management contracts or compensatory plans are filed as Exhibits 10.1 through 10.15.

Exhibit	Description
3.1	Articles of Amendment and Restatement of the Company, as amended.*
3.2	Amended and Restated Bylaws of the Company (Incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on July 1, 2019).
3.3	Articles Supplementary designating the Company's 7.75% Series B Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock") (Incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 31, 2013).
3.4	Articles Supplementary classifying and designating 2,550,000 additional shares of the Series B Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 20, 2015).
3.5	Articles Supplementary classifying and designating the Company's 7.875% Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock") (Incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 21, 2015).
3.6	Articles Supplementary classifying and designating the Company's 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series D Preferred Stock") (Incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 10, 2017).
3.7	Articles Supplementary classifying and designating 2,460,000 additional shares of the Series C Preferred Stock (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).

3.8	Articles Supplementary classifying and designating 2,650,000 additional shares of the Series D Preferred Stock (Incorporated by reference to Exhibit 3.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).
3.9	Articles Supplementary classifying and designating the Company's 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series E Preferred Stock") (Incorporated by reference to Exhibit 3.9 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 15, 2019).
3.10	Articles Supplementary classifying and designating 3,000,000 additional shares of the Series E Preferred Stock (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2019).
4.1	Form of Common Stock Certificate (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-111668) filed with the Securities and Exchange Commission on June 18, 2004).
4.2	Form of Certificate representing the Series B Preferred Stock Certificate (Incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 31, 2013).
4.3	Form of Certificate representing the Series C Preferred Stock (Incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 21, 2015).
4.4	Form of Certificate representing the Series D Preferred Stock (Incorporated by reference to Exhibit 3.7 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 10, 2017).
4.5	Form of Certificate representing the Series E Preferred Stock (Incorporated by reference to Exhibit 3.10 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 15, 2019).
4.6	Indenture, dated January 23, 2017, between the Company and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2017).
4.7	First Supplemental Indenture, dated January 23, 2017, between the Company and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2017).
4.8	Form of 6.25% Senior Convertible Note Due 2022 of the Company (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2017).
	Certain instruments defining the rights of holders of long-term debt securities of the Company and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Company hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of any such instruments.
4.9	Description of the Company's securities under Section 12 of the Exchange Act. *
10.1	The Company's 2010 Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 17, 2010).
10.2	The Company's 2013 Incentive Compensation Plan (effective for fiscal year 2015) (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed with the Securities and Exchange Commission on May 29, 2015).
10.3	The Company's 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 15, 2017).

10.4	Amendment No. 1 to the New York Mortgage Trust, Inc. 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 28, 2019).
10.5	Form of Restricted Stock Award Agreement for Officers (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2009).
10.6	Form of Restricted Stock Award Agreement for Directors (Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2009).
10.7	Third Amended and Restated Employment Agreement, dated as of April 19, 2018, between New York Mortgage Trust, Inc. and Steven R. Mumma (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 20, 2018).
10.8	The Company’s 2018 Annual Incentive Plan (Incorporated by reference to Exhibit 10.11 to the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2018).
10.9	Form of 2018 Performance Stock Unit Award Agreement (Incorporated by reference to Exhibit 10.12 to the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2018).
10.10	The Company's Amended and Restated 2019 Annual Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 5, 2019).
10.11	Form of 2019 Performance Stock Unit Award Agreement (Incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2019).
10.12	The Company’s 2020 Annual Incentive Plan.*
10.13	Form of 2020 Performance Stock Unit Award Agreement.*
10.14	Form of 2020 Restricted Stock Unit Award Agreement.*
10.15	Form of 2020 Restricted Stock Award Agreement for Employees.*
10.16	Equity Distribution Agreement, dated August 10, 2017, by and between the Company and Credit Suisse Securities (USA) LLC (Incorporated by reference to Exhibit 1.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2017).
10.17	Amendment No. 1 to Equity Distribution Agreement, dated September 10, 2018, between New York Mortgage Trust, Inc. and Credit Suisse Securities (USA) LLC (Incorporated by reference to Exhibit 1.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 10, 2018).
10.18	Equity Distribution Agreement, dated March 29, 2019, by and between the Company and JonesTrading Institutional Services LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).
10.19	Amendment No. 1 to Equity Distribution Agreement, dated November 27, 2019, by and between the Company and JonesTrading Institutional Services LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2019).

21.1	List of Subsidiaries of the Registrant.*
23.1	Consent of Independent Registered Public Accounting Firm (Grant Thornton LLP).*
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	XBRL Instance Document ***
101.SCH	Taxonomy Extension Schema Document ***
101.CAL	Taxonomy Extension Calculation Linkbase Document ***
101.DE XBRL	Taxonomy Extension Definition Linkbase Document ***
101.LAB	Taxonomy Extension Label Linkbase Document ***
101.PRE	Taxonomy Extension Presentation Linkbase Document ***
104	Cover Page Interactive Data File-the cover page XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

** Furnished herewith. Such certification shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

*** Submitted electronically herewith. Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2019 and 2018; (ii) Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017; (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017; (iv) Consolidated Statements of Changes in Stockholders’ Equity for the years ended December 31, 2019, 2018 and 2017; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017; and (vi) Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEW YORK MORTGAGE TRUST, INC.

Date:	February 28, 2020	By:	/s/ Steven R. Mumma
			Steven R. Mumma Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date:	February 28, 2020	By:	/s/ Kristine R. Nario-Eng
			Kristine R. Nario-Eng Chief Financial Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Steven R. Mumma Steven R. Mumma	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 28, 2020
/s/ Kristine R. Nario-Eng Kristine R. Nario-Eng	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2020
/s/ Jason T. Serrano Jason T. Serrano	President and Director	February 28, 2020
/s/ Michael B. Clement Michael B. Clement	Director	February 28, 2020
/s/ Alan L. Hainey Alan L. Hainey	Director	February 28, 2020
/s/ Steven G. Norcutt Steven G. Norcutt	Director	February 28, 2020
/s/ David R. Bock David R. Bock	Director	February 28, 2020
/s/ Lisa A. Pendergast Lisa A. Pendergast	Director	February 28, 2020

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

For Inclusion in Form 10-K

Filed with

United States Securities and Exchange Commission

December 31, 2019

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES

Index to Consolidated Financial Statements

FINANCIAL STATEMENTS:	**PAGE**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
New York Mortgage Trust, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of New York Mortgage Trust, Inc. (a Maryland corporation) and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 28, 2020, expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Certain Investment Securities Recorded at Fair Value

As described further in Note 6 to the financial statements, the Company holds first loss principal only ("PO") residual beneficial interest in multi-family securitization trusts. These multi-family securitization trusts are consolidated variable interest entities as required by *ASC 810 - Consolidation*, and are comprised of multi-family mortgage loans held in securitization trusts and multi-family collateralized debt obligation liabilities of the securitization trusts. The Company's investment includes first loss PO securities issued by these trusts which are liabilities of these trusts ("K-Series Consolidated first loss PO securities") and are eliminated in consolidation of the securitization trusts in accordance with US GAAP. The Company has elected to account for consolidated securitization trusts as collateralized financing entities and has elected to value the securitization trusts using the fair value of the financial liabilities issued by those trusts, which management has determined to be more observable. The K-Series Consolidated first loss PO securities in consolidated securitization trusts are priced individually by the Company utilizing market comparable pricing and discounted cash flow analysis valuation techniques. We identified the valuation of K-Series Consolidated first loss PO securities as a critical audit matter.

The principal considerations for our determination that the valuation of K-Series Consolidated first loss PO securities is a critical audit matter are that there is limited market data available for these types of securities and these securities trade infrequently. As such these securities are priced using unobservable inputs which are considered level 3 in nature under the valuation hierarchy of US GAAP, the valuation is material to the financial statements, and there is a high level of judgment in determining the fair value.

Our audit procedures related to the valuation of K-Series Consolidated first loss PO securities included the following, among others. We tested the design and operating effectiveness of key controls performed by management relating to the valuation of K-Series Consolidated first loss PO securities. We also involved firm specialists to independently determine K-Series Consolidated first loss PO securities' prices and compared them to management prices for reasonableness.

Valuation of Distressed and Other Residential Mortgage Loans, at Fair Value
As described further in Note 4 to the financial statements, the Company holds distressed and other residential mortgage loans, which are recorded at fair value, using a fair value option election on a recurring basis. The Company determines the fair value after considering valuations obtained from a third party that specializes in providing valuations of residential mortgage loans. We identified the valuation of distressed and other residential mortgage loans recorded at fair value as a critical audit matter.

The principal considerations for our determination that the valuation of distressed and other residential mortgage loans recorded at fair value was a critical audit matter are that the assets are priced using unobservable inputs, which are considered level 3 in nature under the valuation hierarchy of US GAAP. Estimates of fair value are derived using a discounted cash flow model, where estimates of cash flows are determined from scheduled payments for each loan, adjusted using assumptions which may include forecast prepayment rates, default rates, discount rates and rates for loss upon default. In addition, the valuation is material to the financial statements, and there is a high level of judgment in determining the fair value.

Our audit procedures related to the valuation of distressed and other residential mortgage loans recorded at fair value included the following, among others. We tested the design and operating effectiveness of key controls performed by management relating to the valuation of distressed and other residential mortgage loans recorded at fair value, which included controls related to assumptions and valuation techniques and models. We re-performed, on a sample basis, management's valuation process by validating certain of management's significant inputs to the third party's pricing models, including unpaid principal balance, note rate, note term and delinquency status. We also involved firm specialists and evaluated the third party assumptions used to determine the fair value, assessed reasonableness of the third party developed valuation techniques and models and performed testing on certain of the significant assumptions of forecast prepayment rates, default rates, discount rates and rates for loss upon default for reasonableness and consistency with other observable market data.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2009.

New York, New York
February 28, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
New York Mortgage Trust, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of New York Mortgage Trust, Inc. (a Maryland corporation) and subsidiaries (the “Company”) as of December 31, 2019, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2019, and our report dated February 28, 2020, expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

New York, New York
February 28, 2020

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands, except share data)

	December 31, 2019	December 31, 2018
ASSETS		
Investment securities, available for sale, at fair value	$ 2,006,140	$ 1,512,252
Distressed and other residential mortgage loans, at fair value	1,429,754	737,523
Distressed and other residential mortgage loans, net	202,756	285,261
Investments in unconsolidated entities	189,965	73,466
Preferred equity and mezzanine loan investments	180,045	165,555
Multi-family loans held in securitization trusts, at fair value	17,816,746	11,679,847
Residential mortgage loans held in securitization trust, at fair value	1,328,886	—
Derivative assets	15,878	10,263
Cash and cash equivalents	118,763	103,724
Real estate held for sale in consolidated variable interest entities	—	29,704
Goodwill	25,222	25,222
Receivables and other assets	169,214	114,821
Total Assets (1)	$ 23,483,369	$ 14,737,638
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	$ 3,105,416	$ 2,131,505
Multi-family collateralized debt obligations, at fair value	16,724,451	11,022,248
Residential collateralized debt obligations, at fair value	1,052,829	—
Residential collateralized debt obligations	40,429	53,040
Convertible notes	132,955	130,762
Subordinated debentures	45,000	45,000
Mortgages and notes payable in consolidated variable interest entities	—	31,227
Securitized debt	—	42,335
Accrued expenses and other liabilities	177,260	101,228
Total liabilities (1)	$ 21,278,340	$ 13,557,345
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, par value $0.01 per share, 30,900,000 shares authorized, 20,872,888 and 12,000,000 shares issued and outstanding, respectively ($521,822,200 and $300,000,000 aggregate liquidation preference, respectively)	$ 504,765	$ 289,755
Common stock, par value $0.01 per share, 800,000,000 shares authorized, 291,371,039 and 155,589,528 shares issued and outstanding, respectively	2,914	1,556
Additional paid-in capital	1,821,785	1,013,391
Accumulated other comprehensive income (loss)	25,132	(22,135)
Accumulated deficit	(148,863)	(103,178)
Company's stockholders' equity	2,205,733	1,179,389
Non-controlling interest in consolidated variable interest entities	(704)	904
Total equity	$ 2,205,029	$ 1,180,293
Total Liabilities and Stockholders' Equity	$ 23,483,369	$ 14,737,638

(1) Our consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs") as the Company is the primary beneficiary of these VIEs. As of December 31, 2019 and December 31, 2018, assets of consolidated VIEs totaled $19,270,384 and $11,984,374, respectively, and the liabilities of consolidated VIEs totaled $17,878,314 and $11,191,736, respectively. See Note 9 for further discussion.

The accompanying notes are an integral part of the consolidated financial statements.

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollar amounts in thousands, except per share data)

	For the Years Ended December 31,		
	2019	**2018**	**2017**
INTEREST INCOME:			
Investment securities and other interest earning assets	$ 67,472	$ 47,482	$ 29,968
Distressed and other residential mortgage loans	71,017	28,569	25,054
Preferred equity and mezzanine loan investments	20,899	21,036	13,941
Multi-family loans held in securitization trusts	535,226	358,712	297,124
Total interest income	694,614	455,799	366,087
INTEREST EXPENSE:			
Repurchase agreements and other interest bearing liabilities	90,821	44,050	25,344
Residential collateralized debt obligations	4,379	1,779	1,463
Multi-family collateralized debt obligations	457,130	313,102	261,665
Convertible notes	10,813	10,643	9,852
Subordinated debentures	2,865	2,743	2,296
Securitized debt	742	4,754	7,481
Total interest expense	566,750	377,071	308,101
NET INTEREST INCOME	127,864	78,728	57,986
NON-INTEREST INCOME:			
Recovery of (provision for) loan losses	2,780	(1,257)	1,739
Realized gains (losses), net	32,642	(7,775)	31,656
Unrealized gains (losses), net	35,837	52,781	20,786
Loss on extinguishment of debt	(2,857)	—	—
Income from operating real estate and real estate held for sale in consolidated variable interest entities	215	6,163	7,280
Other income	25,831	16,568	13,552
Total non-interest income	94,448	66,480	75,013
GENERAL, ADMINISTRATIVE AND OPERATING EXPENSES:			
General and administrative expenses	35,131	22,868	18,357
Base management and incentive fees	1,235	5,366	4,517
Expenses related to distressed and other residential mortgage loans	12,987	8,908	8,746
Expenses related to operating real estate and real estate held for sale in consolidated variable interest entities	482	4,328	9,457
Total general, administrative and operating expenses	49,835	41,470	41,077
INCOME FROM OPERATIONS BEFORE INCOME TAXES	172,477	103,738	91,922
Income tax (benefit) expense	(419)	(1,057)	3,355
NET INCOME	172,896	104,795	88,567
Net loss (income) attributable to non-controlling interest in consolidated variable interest entities	840	(1,909)	3,413
NET INCOME ATTRIBUTABLE TO COMPANY	173,736	102,886	91,980
Preferred stock dividends	(28,901)	(23,700)	(15,660)
NET INCOME ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	$ 144,835	$ 79,186	$ 76,320
Basic earnings per common share	$ 0.65	$ 0.62	$ 0.68
Diluted earnings per common share	$ 0.64	$ 0.61	$ 0.66
Weighted average shares outstanding-basic	221,380	127,243	111,836
Weighted average shares outstanding-diluted	242,596	147,450	130,343

The accompanying notes are an integral part of the consolidated financial statements.

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollar amounts in thousands)

	For the Years Ended December 31,		
	2019	**2018**	**2017**
NET INCOME ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	$ 144,835	$ 79,186	$ 76,320
OTHER COMPREHENSIVE INCOME (LOSS)			
Increase (decrease) in fair value of available for sale securities	65,376	(27,688)	8,314
Reclassification adjustment for net gain included in net income	(18,109)	—	(4,298)
Decrease in fair value of derivative instruments utilized for cash flow hedges	—	—	(102)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	47,267	(27,688)	3,914
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	$ 192,102	$ 51,498	$ 80,234

The accompanying notes are an integral part of the consolidated financial statements.

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2019, 2018 and 2017
(Dollar amounts in thousands)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Company Stockholders' Equity	Non-Controlling Interest in Consolidated VIE	Total
Balance, December 31, 2016	$ 1,115	$ 159,259	$ 748,599	$ (62,537)	$ 1,639	$ 848,075	$ 3,087	$ 851,162
Net income (loss)	—	—	—	91,980	—	91,980	(3,413)	88,567
Common Stock issuance, net	4	—	2,556	—	—	2,560	—	2,560
Preferred Stock issuance, net	—	130,496	—	—	—	130,496	—	130,496
Dividends declared on common stock	—	—	—	(89,500)	—	(89,500)	—	(89,500)
Dividends declared on preferred stock	—	—	—	(15,660)	—	(15,660)	—	(15,660)
Reclassification adjustment for net gain included in net income	—	—	—	—	(4,298)	(4,298)	—	(4,298)
Increase in fair value of available for sale securities	—	—	—	—	8,314	8,314	—	8,314
Decrease in fair value of derivative instruments utilized for cash flow hedges	—	—	—	—	(102)	(102)	—	(102)
Increase in non-controlling interest related to initial consolidation of variable interest entities	—	—	—	—	—	—	4,462	4,462
Balance, December 31, 2017	$ 1,119	$ 289,755	$ 751,155	$ (75,717)	$ 5,553	$ 971,865	$ 4,136	$ 976,001
Net income	—	—	—	102,886	—	102,886	1,909	104,795
Common Stock issuance, net	437	—	262,236	—	—	262,673	—	262,673
Preferred Stock issuance, net	—	—	—	—	—	—	—	—
Dividends declared on common stock	—	—	—	(106,647)	—	(106,647)	—	(106,647)
Dividends declared on preferred stock	—	—	—	(23,700)	—	(23,700)	—	(23,700)
Decrease in fair value of available for sale securities	—	—	—	—	(27,688)	(27,688)	—	(27,688)
Decrease in non-controlling interest related to distributions from and de-consolidation of variable interest entities	—	—	—	—	—	—	(5,141)	(5,141)
Balance, December 31, 2018	$ 1,556	$ 289,755	$ 1,013,391	$ (103,178)	$ (22,135)	$ 1,179,389	$ 904	$ 1,180,293
Net income (loss)	—	—	—	173,736	—	173,736	(840)	172,896
Common Stock issuance, net	1,358	—	808,394	—	—	809,752	—	809,752
Preferred Stock issuance, net	—	215,010	—	—	—	215,010	—	215,010
Dividends declared on common stock	—	—	—	(190,520)	—	(190,520)	—	(190,520)
Dividends declared on preferred stock	—	—	—	(28,901)	—	(28,901)	—	(28,901)
Reclassification adjustment for net gain included in net income	—	—	—	—	(18,109)	(18,109)	—	(18,109)
Increase in fair value of available for sale securities	—	—	—	—	65,376	65,376	—	65,376
Decrease in non-controlling interest related to distributions from and de-consolidation of variable interest entities	—	—	—	—	—	—	(768)	(768)
Balance, December 31, 2019	$ 2,914	$ 504,765	$ 1,821,785	$ (148,863)	$ 25,132	$ 2,205,733	$ (704)	$ 2,205,029

The accompanying notes are an integral part of the consolidated financial statements.

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)

	For the Years Ended December 31,		
	2019	**2018**	**2017**
Cash Flows from Operating Activities:			
Net income	$ 172,896	$ 104,795	$ 88,567
Adjustments to reconcile net income to net cash provided by operating activities:			
Net (accretion) amortization	(55,629)	(29,338)	197
Realized (gains) losses, net	(32,642)	7,775	(31,656)
Unrealized (gains) losses, net	(35,837)	(52,781)	(20,786)
Gain on sale of real estate held for sale in consolidated variable interest entities	(1,580)	(2,328)	—
Impairment of real estate under development in consolidated variable interest entities	1,872	2,764	—
Loss on extinguishment of debt	2,857	—	—
(Recovery of) provision for loan losses	(2,780)	1,257	(1,739)
Income from unconsolidated entity, preferred equity and mezzanine loan investments	(47,840)	(37,922)	(27,164)
Distributions of income from unconsolidated entity, preferred equity and mezzanine loan investments	24,848	29,358	20,870
Amortization of stock based compensation, net	5,367	2,582	1,632
Changes in operating assets and liabilities:			
Receivables and other assets	(41,525)	(12,471)	(18,425)
Accrued expenses and other liabilities	45,094	10,486	17,836
Net cash provided by operating activities	35,101	24,177	29,332
Cash Flows from Investing Activities:			
Cash received from initial consolidation of variable interest entities	—	—	112
Net proceeds from sale of real estate held for sale in consolidated variable interest entities	3,587	33,192	—
Proceeds from sales of investment securities	97,951	26,899	107,062
Purchases of investment securities	(753,734)	(393,663)	(940,597)
Purchases of other assets	(991)	(183)	(41)
Capital expenditures on operating real estate and real estate held for sale in consolidated variable interest entities	(128)	(457)	(296)
Funding of preferred equity, equity and mezzanine loan investments	(163,883)	(112,452)	(61,814)
Principal repayments received on preferred equity and mezzanine loan investments	42,249	56,718	19,031
Return of capital from unconsolidated entity investments	13,617	14,973	25,940
Proceeds from mortgage loans held for investment	1,580	—	—
(Net payments made on) received from derivative instruments settled during the period	(36,337)	747	(4,683)
Principal repayments and proceeds from sales and refinancing of distressed and other residential mortgage loans	254,935	155,338	245,582
Principal repayments received on multi-family loans held in securitization trusts	992,912	137,820	137,164
Principal paydowns on investment securities - available for sale	227,397	234,438	228,968
Proceeds from sale of real estate owned	4,873	5,120	7,026
Purchases of residential mortgage loans and distressed residential mortgage loans	(829,519)	(688,750)	(101,250)
Purchases of investments held in multi-family securitization trusts	(346,235)	(112,214)	(102,147)
Purchases of investments held in residential securitization trust	(277,339)	—	—
Net cash used in investing activities	(769,065)	(642,474)	(439,943)
Cash Flows from Financing Activities:			
Net proceeds from repurchase agreements	972,207	704,763	459,733
Proceeds from issuance of convertible notes	—	—	126,995
Common stock issuance, net	804,398	260,091	930
Preferred stock issuance, net	215,073	—	130,496
Dividends paid on common stock	(163,364)	(97,911)	(93,872)
Dividends paid on preferred stock	(24,651)	(23,760)	(12,900)
Payments made on mortgages and notes payable in consolidated variable interest entities	(4,022)	(27,067)	(1,485)
Proceeds from mortgages and notes payable in consolidated variable interest entities	—	1,154	5,414
Payments made on residential collateralized debt obligations	(15,578)	(17,338)	(21,442)
Payments made on multi-family collateralized debt obligations	(992,075)	(137,803)	(137,160)
Extinguishment of and payments made on securitized debt	(45,557)	(40,882)	(79,433)
Net cash provided by financing activities	746,431	621,247	377,276
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	12,467	2,950	(33,335)
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	109,145	106,195	139,530
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 121,612	$ 109,145	$ 106,195

Supplemental Disclosure:						
Cash paid for interest	$	622,720	$	430,121	$	344,390
Cash paid for income taxes	$	21	$	1,711	$	3,952
Non-Cash Investment Activities:						
Consolidation of multi-family loans held in securitization trusts	$	6,599,974	$	2,294,544	$	2,886,525
Consolidation of multi-family collateralized debt obligations	$	6,253,739	$	2,182,330	$	2,784,377
Consolidation of residential mortgage loans held in securitization trust	$	1,333,060	$	—	$	—
Consolidation of residential collateralized debt obligations	$	1,055,720	$	—	$	—
Transfer from residential loans to real estate owned	$	6,105	$	7,998	$	7,228
Non-Cash Financing Activities:						
Dividends declared on common stock to be paid in subsequent period	$	58,274	$	31,118	$	22,382
Dividends declared on preferred stock to be paid in subsequent period	$	10,175	$	5,925	$	5,985
Mortgages and notes payable assumed by purchaser of real estate held for sale in consolidated variable interest entities	$	27,260	$	—	$	—
Cash, Cash Equivalents and Restricted Cash Reconciliation:						
Cash and cash equivalents	$	118,763	$	103,724	$	95,191
Restricted cash included in receivables and other assets		2,849		5,421		11,004
Total cash, cash equivalents, and restricted cash	$	121,612	$	109,145	$	106,195

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization

New York Mortgage Trust, Inc., together with its consolidated subsidiaries ("NYMT," "we," "our," or the "Company"), is a real estate investment trust, or REIT, in the business of acquiring, investing in, financing and managing mortgage-related and residential housing-related assets. Our objective is to deliver long-term stable distributions to our stockholders over changing economic conditions through a combination of net interest margin and capital gains from a diversified investment portfolio. Our investment portfolio includes (i) multi-family credit assets, such as multi-family CMBS (excluding Agency CMBS) and preferred equity in, and mezzanine loans to, owners of multi-family properties, (ii) single-family credit assets, such as residential mortgage loans, including distressed residential mortgage loans, non-QM loans, second mortgages, residential bridge loans and other residential mortgage loans, and non-Agency RMBS, (iii) Agency securities such as Agency RMBS and Agency CMBS and (iv) certain other mortgage-, residential housing- and credit-related assets.

The Company conducts its business through the parent company, New York Mortgage Trust, Inc., and several subsidiaries, including special purpose subsidiaries established for securitization purposes, taxable REIT subsidiaries ("TRSs") and qualified REIT subsidiaries ("QRSs"). The Company consolidates all of its subsidiaries under generally accepted accounting principles in the United States of America ("GAAP").

The Company is organized and conducts its operations to qualify as a REIT for U.S. federal income tax purposes. As such, the Company will generally not be subject to federal income taxes on that portion of its income that is distributed to stockholders if it distributes at least 90% of its REIT taxable income to its stockholders by the due date of its federal income tax return and complies with various other requirements.

2. Summary of Significant Accounting Policies

Definitions – The following defines certain of the commonly used terms in these financial statements:

"RMBS" refers to residential mortgage-backed securities comprised of adjustable-rate, hybrid adjustable-rate, fixed-rate, interest only and inverse interest only, and principal only securities;
"Agency RMBS" refers to RMBS representing interests in or obligations backed by pools of mortgage loans guaranteed by a government sponsored enterprise ("GSE"), such as the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"), or an agency of the U.S. government, such as the Government National Mortgage Association ("Ginnie Mae");
"non-Agency RMBS" refers to RMBS that are not guaranteed by any agency of the U.S. Government or GSE;
"IOs" refers collectively to interest only and inverse interest only mortgage-backed securities that represent the right to the interest component of the cash flow from a pool of mortgage loans;
"POs" refers to mortgage-backed securities that represent the right to the principal component of the cash flow from a pool of mortgage loans;
"ARMs" refers to adjustable-rate residential mortgage loans;
"ARM loans" and "residential securitized loans" each refer to prime credit quality residential ARMs held in our securitization trusts formed in 2005;
"Agency ARMs" refers to Agency RMBS comprised of adjustable-rate and hybrid adjustable-rate RMBS;
"Agency fixed-rate RMBS" refers to Agency RMBS comprised of fixed-rate RMBS;
"ABS" refers to debt and/or equity tranches of securitizations backed by various asset classes including, but not limited to, automobiles, aircraft, credit cards, equipment, franchises, recreational vehicles and student loans;
"CMBS" refers to commercial mortgage-backed securities comprised of commercial mortgage pass-through securities, as well as PO, IO or mezzanine securities that represent the right to a specific component of the cash flow from a pool of commercial mortgage loans;
"Agency CMBS" refers to CMBS representing interests or obligations backed by pools of mortgage loans guaranteed by a GSE, such as Fannie Mae or Freddie Mac;
"multi-family CMBS" refers to CMBS backed by commercial mortgage loans on multi-family properties;
"CDO" refers to collateralized debt obligation;
"non-QM loans" refers to residential mortgage loans that are not deemed "qualified mortgage," or "QM," loans under the rules of the Consumer Financial Protection Bureau ("CFPB");
"qualified mortgage" refers to a mortgage loan eligible for delivery to a GSE under the rules of the CFPB, which have certain requirements such as debt-to-income ratio, being fully-amortizing, and limits on loan fees;
"second mortgages" refers to liens on residential properties that are subordinate to more senior mortgages or loans; and
"residential bridge loans" refers to short-term business purpose loans collateralized by residential properties made to investors who intend to rehabilitate and sell the residential property for a profit.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management has made significant estimates in several areas, including fair valuation of its distressed and other residential mortgage loans, multi-family loans held in securitization trusts, residential mortgage loans held in securitization trust, multi-family CDOs, certain residential CDOs and CMBS held in re-securitization trusts, as well as income recognition on distressed residential mortgage loans purchased at a discount. Although the Company's estimates contemplate current conditions and how it expects those conditions to change in the future, it is reasonably possible that actual conditions could be different than anticipated in those estimates, which could materially impact the Company's results of operations and its financial condition.

Reclassifications – Certain prior period amounts have been reclassified on the accompanying consolidated financial statements to conform to current period presentation.

Principles of Consolidation and Variable Interest Entities – The accompanying consolidated financial statements of the Company include the accounts of all its subsidiaries which are majority-owned, controlled by the Company or a variable interest entity ("VIE") where the Company is the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

A VIE is an entity that lacks one or more of the characteristics of a voting interest entity. A VIE is defined as an entity in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The Company consolidates a VIE when it is the primary beneficiary of such VIE, herein referred to as a “Consolidated VIE”. As primary beneficiary, the Company has both the power to direct the activities that most significantly impact the economic performance of the VIE and a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE. The Company is required to reconsider its evaluation of whether to consolidate a VIE each reporting period, based upon changes in the facts and circumstances pertaining to the VIE.

Business Combinations – The Company accounts for business combinations by applying the acquisition method in accordance with Accounting Standards Codification (“ASC”) 805, *Business Combinations* (“ASC 805”). Transaction costs related to acquisition of a business are expensed as incurred and excluded from the fair value of consideration transferred. The identifiable assets acquired, liabilities assumed and non-controlling interests, if any, in an acquired entity are recognized and measured at their estimated fair values. The excess of the fair value of consideration transferred over the fair values of identifiable assets acquired, liabilities assumed and non-controlling interests, if any, in an acquired entity, net of fair value of any previously held interest in the acquired entity, is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets and liabilities.

On March 31, 2017, the Company determined that it became the primary beneficiary of 200 RHC Hoover, LLC (“Riverchase Landing”) and The Clusters, LLC (“The Clusters”), two VIEs that each owned a multi-family apartment community and in each of which the Company held a preferred equity investment. Accordingly, on this date, the Company consolidated both Riverchase Landing and The Clusters into its consolidated financial statements in accordance with ASC 810, *Consolidation* (“ASC 810”). These transactions were accounted for by applying the acquisition method for business combinations under ASC 805 (*see Note 9*). In March 2018 and February 2019, Riverchase Landing and The Clusters, respectively, completed the sale of their multi-family apartment communities and redeemed each of the Company’s preferred equity investments. The Company de-consolidated Riverchase Landing and The Clusters as of the date of each property’s sale.

Goodwill – Goodwill represents the excess of the fair value of consideration transferred in a business combination over the fair values of identifiable assets acquired, liabilities assumed and non-controlling interests, if any, in an acquired entity, net of fair value of any previously held interest in the acquired entity. In May 2016, the Company acquired the outstanding membership interests in RiverBanc LLC (“RiverBanc”), RB Multifamily Investors LLC and RB Development Holding Company, LLC (“RBDHC”) that were not previously owned by the Company. These transactions were accounted for by applying the acquisition method for business acquisitions under ASC 805. Goodwill of $25.2 million as of December 31, 2019 and 2018, respectively, relates to these transactions and the inclusion of these entities in the Company’s multifamily investment reporting unit.

Goodwill is not amortized but is evaluated for impairment on an annual basis, or more frequently if the Company believes indicators of impairment exist, by initially performing a qualitative screen and, if necessary, then comparing fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than the carrying value, an impairment charge for the amount by which carrying amount exceeds the reporting unit’s fair value (in an amount not to exceed the total amount of goodwill allocated to the reporting unit) is recognized. The Company’s annual evaluation of goodwill as of October 1, 2019 indicated no impairment.

Investment Securities, Available for Sale – The Company’s investment securities, where the fair value option has not been elected and which are reported at fair value with unrealized gains and losses reported in Other Comprehensive Income (“OCI”), include Agency RMBS, Agency CMBS, non-Agency RMBS and CMBS. Beginning in the fourth quarter of 2019, the Company’s newly purchased investment securities are presented at fair value as a result of a fair value election made at the time of acquisition pursuant to ASC 825, *Financial Instruments* (“ASC 825”). The fair value option was elected for these investment securities to provide stockholders and others who rely on our financial statements with a more complete and accurate understanding of our economic performance. The Company has also elected the fair value option at the time of acquisition for its Agency IOs, certain Agency fixed-rate RMBS and Agency ARMs within the Agency IO portfolio. The fair value option was elected for these investment securities to better match the accounting for these investment securities with the related derivative instruments within the Agency IO portfolio, which were not designated as hedging instruments for accounting purposes. As of December 31, 2018, the Company had fully exited its Agency IO strategy and liquidated its Agency IO portfolio. Changes in fair value of investment securities subject to the fair value election are recorded in current period earnings in unrealized gains (losses), net on the accompanying consolidated statements of operations.

The Company generally intends to hold its investment securities until maturity; however, from time to time, it may sell any of its securities as part of the overall management of its business. As a result, our investment securities are classified as available for sale securities. Realized gains and losses recorded on the sale of investment securities available for sale are based on the specific identification method and included in realized gains (losses), net on the accompanying consolidated statements of operations.

Interest income on our investment securities available for sale is accrued based on the outstanding principal balance and their contractual terms. Purchase premiums or discounts associated with our Agency RMBS and Agency CMBS assessed as high credit quality at the time of purchase are amortized or accreted to interest income over the estimated life of these investment securities using the effective yield method. Adjustments to amortization are made for actual prepayment activity on our Agency RMBS.

Interest income on certain of our credit sensitive securities that were purchased at a premium or discount to par value, such as certain of our non-Agency RMBS, CMBS and ABS of less than high credit quality, is recognized based on the security's effective yield. The effective yield on these securities is based on management's estimate of the projected cash flows from each security, which incorporates assumptions related to fluctuations in interest rates, prepayment speeds and the timing and amount of credit losses. On at least a quarterly basis, management reviews and, if appropriate, adjusts its cash flow projections based on input and analysis received from external sources, internal models, and its judgment about interest rates, prepayment rates, the timing and amount of credit losses, and other factors. Changes in cash flows from those originally projected, or from those estimated at the last evaluation, may result in a prospective change in the yield (or interest income) recognized on these securities.

The Company accounts for investment securities that are of high credit quality (generally those rated AA or better by a Nationally Recognized Statistical Rating Organization, or NRSRO) at date of acquisition in accordance with ASC 320-10, *Investments - Debt and Equity Securities* ("ASC 320-10"). The Company accounts for investment securities that are not of high credit quality (i.e., those whose risk of loss is more than remote) or securities that can be contractually prepaid such that we would not recover our initial investment at the date of acquisition in accordance with ASC 325-40, *Investments - Beneficial Interests in Securitized Financial Assets* ("ASC 325-40"). The Company considers credit ratings, the underlying credit risk and other market factors in determining whether the investment securities are of high credit quality; however, securities rated lower than AA or an equivalent rating are not considered of high credit quality and are accounted for in accordance with ASC 325-40. If ratings are inconsistent among NRSROs, the Company uses the lower rating in determining whether the securities are of high credit quality.

When the fair value of an investment security is less than its amortized cost as of the reporting balance sheet date, the security is considered impaired. The Company assesses its impaired securities on at least a quarterly basis and designates such impairments as either "temporary" or "other-than-temporary". If the Company intends to sell an impaired security, or it is more likely than not that it will be required to sell the impaired security before its anticipated recovery, the Company recognizes an other-than-temporary impairment through earnings equal to the entire difference between the investment's amortized cost and its fair value as of the balance sheet date. If the Company does not expect to sell an other-than-temporarily impaired security, only the portion of the other-than-temporary impairment related to credit losses is recognized through earnings with the remainder recognized as a component of other comprehensive income (loss) on the accompanying consolidated balance sheets. Impairments recognized through other comprehensive income (loss) do not impact earnings. Following the recognition of an other-than-temporary impairment through earnings, a new cost basis is established for the security, which may not be adjusted for subsequent recoveries in fair value through earnings. However, other-than-temporary impairments recognized through earnings may be accreted back to the amortized cost basis of the security on a prospective basis through interest income. The determination as to whether an other-than-temporary impairment exists and, if so, the amount considered other-than-temporarily impaired is subjective, as such determinations are based on both factual and subjective information available at the time of assessment as well as the Company's estimates of the future performance and cash flow projections. As a result, the timing and amount of other-than-temporary impairments constitute material estimates that are susceptible to significant change.

In determining the other-than temporary impairment related to credit losses for securities that are not of high credit quality, the Company compares the present value of the remaining cash flows expected to be collected at the prior reporting date or purchase date, whichever is most recent, against the present value of the cash flows expected to be collected at the current financial reporting date. The Company considers information available about the past and expected future performance of underlying collateral, including timing of expected future cash flows, prepayment rates, default rates, loss severities and delinquency rates.

Distressed and Other Residential Mortgage Loans, at fair value – Certain of the Company's acquired residential mortgage loans, including distressed residential mortgage loans, non-QM loans, second mortgage loans and residential bridge loans, are presented at fair value on the accompanying consolidated balance sheets as a result of a fair value election made at the time of acquisition pursuant to ASC 825. Changes in fair value are recorded in current period earnings in unrealized gains (losses), net on the accompanying consolidated statements of operations.

Premiums and discounts associated with the purchase of distressed and other residential mortgage loans at fair value are amortized or accreted into interest income over the life of the related loan using the effective interest method. Any premium amortization or discount accretion is reflected as a component of interest income, distressed and other residential mortgage loans on the accompanying consolidated statements of operations.

Distressed and other residential mortgage loans at fair value are considered past due when they are 30 days past their contractual due date, and are placed on nonaccrual status when delinquent for more than 90 days. Interest accrued but not yet collected at the time loans are placed on nonaccrual is reversed and subsequently recognized only to the extent it is received in cash or until it qualifies for return to accrual status. Loans are restored to accrual status only when contractually current or the collection of future payments is reasonably assured.

Distressed Residential Mortgage Loans, net – Certain of the distressed residential mortgage loans acquired by the Company at a discount, with evidence of credit deterioration since their origination and where it is probable that the Company will not collect all contractually required principal payments, are accounted for under ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* ("ASC 310-30") and are included in distressed and other residential mortgage loans, net on the accompanying consolidated balance sheets. Management evaluates whether there is evidence of credit quality deterioration as of the acquisition date using indicators such as past due or modified status, risk ratings, recent borrower credit scores and recent loan-to-value percentages. Loans considered credit impaired are recorded at fair value at the date of acquisition, with no allowance for loan losses. Subsequent to acquisition, the recorded amount for these loans reflects the original investment, plus accretion income, less principal and interest cash flows received. These distressed residential mortgage loans are presented on the accompanying consolidated balance sheets at carrying value, which reflects the recorded amount reduced by any allowance for loan losses established subsequent to acquisition.

Under ASC 310-30, the acquired credit impaired loans may be accounted for individually or aggregated and accounted for as a pool of loans if the loans being aggregated have common risk characteristics. A pool is accounted for as a single asset with a single composite interest rate and an expectation of aggregate cash flows. Once a pool is assembled, it is treated as if it was one loan for purposes of applying the accounting guidance. For each pool established, or on an individual loan basis for loans not aggregated into pools, the Company estimates at the time of acquisition and periodically, the principal and interest expected to be collected. The difference between the cash flows expected to be collected and the carrying amount of the loans is referred to as the "accretable yield." This amount is accreted as interest income over the life of the loans using a level yield methodology. Interest income recorded each period relates to the accretable yield recognized at the pool level or on an individual loan basis, and not to contractual interest payments received at the loan level. The difference between contractually required principal and interest payments and the cash flows expected to be collected, referred to as the "nonaccretable difference," includes estimates of both the impact of prepayments and expected credit losses over the life of the individual loan, or the pool (for loans grouped into a pool).

Management monitors actual cash collections against its expectations, and revised cash flow expectations are prepared as necessary. A decrease in expected cash flows in subsequent periods may indicate that the loan pool or individual loan, as applicable, is impaired, thus requiring the establishment of an allowance for loan losses by a charge to the provision for loan losses. An increase in expected cash flows in subsequent periods initially reduces any previously established allowance for loan losses by the increase in the present value of cash flows expected to be collected, and results in a recalculation of the amount of accretable yield for the loan pool. The adjustment of accretable yield due to an increase in expected cash flows is accounted for prospectively as a change in estimate. The additional cash flows expected to be collected are reclassified from the nonaccretable difference to the accretable yield, and the amount of periodic accretion is adjusted accordingly over the remaining life of the loans in the pool or individual loan, as applicable. The impacts of (i) prepayments, (ii) changes in variable interest rates, and (iii) any other changes in the timing of expected cash flows are recognized prospectively as adjustments to interest income.

Disposal of a distressed residential mortgage loan accounted for under ASC 310-30, which may include a loan sale, receipt of payment in full from the borrower or foreclosure, results in removal of the loan from the loan pool at its allocated carrying amount. In the event of a sale of the loan and receipt of payment (in full or partial) from the borrower, a gain or loss on sale is recognized and reported based on the difference between the sales proceeds or payment from the borrower and the allocated carrying amount of the acquired distressed residential mortgage loan. In the case of a foreclosure, an individual loan is removed from the pool and a loss on sale is recognized if the carrying value exceeds the fair value of the collateral less costs to sell. A gain is not recognized if the fair value of collateral less costs to sell exceeds the carrying value.

The Company uses the specific allocation method for the removal of loans as the estimated cash flows and related carrying amount for each individual loan are known. In these cases, the remaining accretable yield is unaffected and any material change in remaining effective yield caused by the removal of the loan from the pool is addressed by the re-assessment of the estimate of cash flows for the pool prospectively.

Distressed residential mortgage loans accounted for under ASC 310-30 subject to modification are not removed from the pool even if those loans would otherwise be considered troubled debt restructurings because the pool, and not the individual loan, represents the unit of account.

For individual loans not accounted for in pools that are sold or satisfied by payment in full, a gain or loss on sale is recognized and reported based on the difference between the sales proceeds and the carrying amount of the acquired distressed residential mortgage loan. In the case of a foreclosure, a loss is recognized if the carrying value exceeds the fair value of the underlying collateral less costs to sell. A gain is not recognized if the fair value of underlying collateral less costs to sell exceeds the carrying value.

Certain of the Company’s distressed residential mortgage loans accounted for under ASC 310-30 were held in securitization trusts and had been transferred to Consolidated VIEs that had been securitized into beneficial interests as of December 31, 2018. The Company accounted for these securitization trusts as financings which were consolidated into the Company’s financial statements.

Residential Mortgage Loans Held in Securitization Trusts, net – Residential mortgage loans held in securitization trusts, net are comprised of certain ARM loans transferred to Consolidated VIEs that have been securitized into sequentially rated classes of beneficial interests and are included in distressed and other residential mortgage loans, net on the accompanying consolidated balance sheets. The Company accounted for these securitization trusts as financings which are consolidated into the Company’s financial statements. Residential mortgage loans held in securitization trusts, net are carried at their unpaid principal balances, net of unamortized premium or discount, unamortized loan origination costs and allowance for loan losses. Interest income is accrued and recognized as revenue when earned according to the terms of the mortgage loans and when, in the opinion of management, it is collectible. The accrual of interest on loans is discontinued when, in management’s opinion, the interest is not collectible in the normal course of business, but in all cases when payment becomes greater than 90 days delinquent. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible.

The Company establishes an allowance for loan losses based on management’s judgment and estimate of credit losses inherent in our portfolio of residential mortgage loans held in securitization trusts, net. Estimation involves the consideration of various credit-related factors, including but not limited to, macro-economic conditions, current housing market conditions, loan-to-value ratios, delinquency status, historical credit loss severity rates, purchased mortgage insurance, the borrower’s current economic condition and other factors deemed to warrant consideration. Additionally, management looks at the balance of any delinquent loan and compares that to the current value of the collateralizing property. Management utilizes various home valuation methodologies including appraisals, broker pricing opinions, internet-based property data services to review comparable properties in the same area or consult with a broker in the property’s area.

Residential Mortgage Loans Held in Securitization Trust, at fair value – Residential mortgage loans held in securitization trust at fair value are comprised of seasoned re-performing and non-performing residential mortgage loans held in a Freddie Mac-sponsored residential mortgage loan securitization, of which we own the first loss subordinated securities and certain IOs and senior securities issued by this securitization, and that we consolidate in our financial statements in accordance with GAAP ("Consolidated SLST"). Based on a number of factors, management determined that the Company was the primary beneficiary of Consolidated SLST and met the criteria for consolidation and, accordingly, has consolidated the securitization, including its assets, liabilities, income and expenses in our financial statements. The Company has elected the fair value option on each of the assets and liabilities held within Consolidated SLST, which requires that changes in valuations be reflected on the accompanying consolidated statements of operations. In accordance with ASC 810, the Company measures both the financial assets and financial liabilities of a qualifying consolidated collateralized financing entity ("CFE") using the fair value of either the CFE's financial assets or financial liabilities, whichever is more observable. As the related securitization trust is considered a qualifying CFE, the Company determines the fair value of the residential mortgage loans held in Consolidated SLST based on the fair value of its residential collateralized debt obligations and its retained interests from the securitization (eliminated in consolidation in accordance with GAAP), as the fair value of these instruments is more observable.

Interest income is accrued and recognized as revenue when earned according to the terms of the seasoned re-performing and non-performing residential mortgage loans and when, in the opinion of management, it is collectible. The accrual of interest on the seasoned re-performing and non-performing residential mortgage loans is discontinued when, in management's opinion, the interest is not collectible in the normal course of business.

Investments in Unconsolidated Entities – Non-controlling, unconsolidated ownership interests in an entity may be accounted for using the equity method or the cost method. In circumstances where the Company has a non-controlling interest but either owns a significant interest or is able to exert influence over the affairs of the enterprise, the Company utilizes the equity method of accounting. Under the equity method of accounting, the initial investment is increased each period for additional capital contributions and a proportionate share of the entity's earnings or preferred return and decreased for cash distributions and a proportionate share of the entity's losses. Management periodically reviews its investments for impairment based on projected cash flows from the entity over the holding period. When any impairment is identified, the investments are written down to recoverable amounts.

The Company may elect the fair value option for an investment in an unconsolidated entity that is accounted for using the equity method. The Company elected the fair value option for certain investments in unconsolidated entities that own interests (directly or indirectly) in commercial or residential real estate assets or loans because the Company determined that such presentation represents the underlying economics of the respective investment. The Company records the change in fair value of its investment in other income on the accompanying consolidated statements of operations *(see Note 7*).

Preferred Equity and Mezzanine Loan Investments – The Company invests in preferred equity in, and mezzanine loans to, entities that have significant real estate assets.

A preferred equity investment is an equity investment in the entity that owns the underlying property. Preferred equity is not secured by the underlying property, but holders have priority relative to common equity holders on cash flow distributions and proceeds from capital events. In addition, preferred equity holders may be able to enhance their position and protect their equity position with covenants that limit the entity's activities and grant the holder the exclusive right to control the property after an event of default.

Mezzanine loans are secured by a pledge of the borrower's equity ownership in the property. Unlike a mortgage, this loan does not represent a lien on the property. Therefore, it is always junior and subordinate to any first lien as well as second liens, if applicable, on the property. These loans are senior to any preferred equity or common equity interests in the entity that owns the property.

The Company has evaluated its preferred equity and mezzanine loan investments for accounting treatment as loans versus equity investments utilizing the guidance provided by the Acquisition, Development and Construction Arrangements Subsection of ASC 310, *Receivables*. Preferred equity and mezzanine loan investments, for which the characteristics, facts and circumstances indicate that loan accounting treatment is appropriate, are stated at unpaid principal balance, adjusted for any unamortized premium or discount and deferred fees or expenses, net of valuation allowances. The Company accretes or amortizes any discounts or premiums and deferred fees and expenses over the life of the related asset utilizing the effective interest method or straight line-method, if the result is not materially different.

Management evaluates the collectability of both interest and principal of each of these loans, if circumstances warrant, to determine whether they are impaired. A loan is impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the investment to the estimated fair value of the loan or, as a practical expedient, to the value of the collateral if the loan is collateral dependent. Interest income is accrued and recognized as revenue when earned according to the terms of the loans and when, in the opinion of management, it is collectible. The accrual of interest on loans is discontinued when, in management's opinion, the interest is not collectible in the normal course of business, but in all cases when payment becomes greater than 90 days delinquent. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible.

Preferred equity and mezzanine loan investments where the risks and payment characteristics are equivalent to an equity investment are accounted for using the equity method of accounting. See "*Investments in Unconsolidated Entities.*"

Multi-Family Loans Held in Securitization Trusts, at fair value – Multi-family loans held in securitization trusts are comprised of multi-family mortgage loans held in Freddie Mac-sponsored multi-family loan K-Series securitizations, of which we, or one of our "special purpose entities" ("SPEs") own the first loss POs and certain IOs and certain senior or mezzanine securities issued by those securitizations, and that we consolidate in our financial statements in accordance with GAAP (the "Consolidated K-Series"). Based on a number of factors, management determined that the Company was the primary beneficiary of each VIE within the Consolidated K-Series and met the criteria for consolidation and, accordingly, has consolidated these securitizations, including their assets, liabilities, income and expenses in our financial statements. The Company has elected the fair value option on each of the assets and liabilities held within the Consolidated K-Series, which requires that changes in valuations be reflected on the accompanying consolidated statements of operations. In accordance with ASC 810, the Company measures both the financial assets and financial liabilities of a qualifying consolidated CFE using the fair value of either the CFE's financial assets or financial liabilities, whichever is more observable. As the Company's multi-family securitization trusts are considered qualifying CFEs, the Company determines the fair value of multi-family loans held in securitization trusts based on the fair value of its multi-family collateralized debt obligations and its retained interests from these securitizations (eliminated in consolidation in accordance with GAAP), as the fair value of these instruments is more observable.

Interest income is accrued and recognized as revenue when earned according to the terms of the multi-family loans and when, in the opinion of management, it is collectible. The accrual of interest on multi-family loans is discontinued when, in management's opinion, the interest is not collectible in the normal course of business.

Real Estate Held for Sale in Consolidated Variable Interest Entities - The Company recorded its initial investments in income-producing real estate at fair value at the acquisition date in accordance with ASC 805. The purchase price of acquired properties was apportioned to the tangible and identified intangible assets and liabilities acquired at their respective estimated fair values. In making estimates of fair values for purposes of allocating purchase price, the Company utilized a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective real estate, its own analysis of recently-acquired and existing comparable properties, property financial results, and other market data. The Company also considered information obtained about the real estate as a result of its due diligence, including marketing and leasing activities, in estimating the fair value of the tangible and intangible assets acquired. The Company considered the value of acquired in-place leases and utilized an amortization period that is the average remaining term of the acquired leases.

The Company reclassified its operating real estate held in consolidated variable interest entities to real estate held for sale in consolidated variable interest entities in accordance with ASC 360, *Property, Plant, and Equipment* during the year ended December 31, 2017. When real estate assets are identified as held for sale, the Company discontinues depreciating (amortizing) the assets and estimates the fair value, net of selling costs, of such assets. Real estate held for sale in consolidated variable interest entities is recorded at the lower of the net carrying amount of the assets or the estimated net fair value. If the estimated net fair value of the real estate held for sale is less than the net carrying amount of the assets, an impairment charge is recorded on the consolidated statements of operations with an allocation to non-controlling interests in the respective VIEs, if any.

The Company assesses the net fair value of real estate held for sale each reporting period that assets remain classified as held for sale. Subsequent changes, if any, in the net fair value of the real estate assets held for sale that require an adjustment to the carrying amount are recorded on the consolidated statements of operations with an allocation to non-controlling interests in the respective VIEs, if any, unless the adjustment causes the carrying amount of the assets to exceed the net carrying amount upon initial classification as held for sale.

If circumstances arise that the Company previously considered unlikely and, as a result, the Company decides not to sell real estate assets previously classified as held for sale, the real estate assets are reclassified to another real estate classification. Real estate assets that are reclassified are measured at the lower of (a) their carrying amount before they were classified as held for sale, adjusted for any depreciation (amortization) expense that would have been recognized had the assets remained in their previous classification, or (b) their fair value at the date of the subsequent decision not to sell.

Real Estate - Depreciation – The Company depreciates on a straight-line basis the building component of its real estate over a 30-year estimated useful life, building and improvements over a 10-year to 30-year estimated useful life, and furniture, fixtures and equipment over a 5-year estimated useful life, all of which are judgmental determinations. Betterments and certain costs directly related to the improvement of real estate are capitalized. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred.

Real Estate Sales – The Company accounts for its real estate sales in accordance with ASC 360-20, *Property, Plant and Equipment - Real Estate Sales*. When real estate is sold, the nature of the entire real estate component being sold is considered in relation to the entire transaction to determine whether the substance of the transaction is the sale of real estate. Profit is recognized on the date of the real estate sale provided that a) a sale is consummated, b) the buyer's initial and continuing investments are adequate to demonstrate commitment to pay for the property, c) the seller's receivable is not subject to future subordination, and d) the seller has transferred to the buyer the usual risks and rewards of ownership and does not have a substantial continuing involvement with the sold property. Sales value is calculated based on the stated sales price plus any other proceeds that are additions to the sales price subtracting any discount needed to reduce a receivable to its present value and any services the seller commits to perform without compensation. See *Note 10* for further discussion regarding sales of real estate by Consolidated VIEs.

Real Estate Under Development – The Company's expenditures which directly relate to the acquisition, development, construction and improvement of properties are capitalized at cost. During the development period, which culminates once a property is substantially complete and ready for intended use, operating and carrying costs such as interest expense, real estate taxes, insurance and other direct costs are capitalized. Advertising and general administrative costs that do not relate to the development of a property are expensed as incurred. Real estate under development owned by Kiawah River View Investors LLC ("KRVI"), a Consolidated VIE (see *Note 9*), as of December 31, 2019 and 2018 of $14.5 million and $22.0 million, respectively, is included in receivables and other assets on the accompanying consolidated balance sheets.

Real Estate - Impairment – The Company periodically evaluates its real estate assets for indicators of impairment. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions and legal and environmental concerns, as well as the Company's ability and intent to hold each asset. Future events could occur which would cause the Company to conclude that impairment indicators exist and an impairment is warranted. If impairment indicators exist for long-lived assets to be held and used, and the expected future undiscounted cash flows are less than the carrying amount of the asset, then the Company will record an impairment loss for the difference between the fair value of the asset and its carrying amount. If the asset is to be disposed of, then an impairment loss is recognized for the difference between the estimated fair value of the asset, net of selling costs, and its carrying amount.

The Company evaluates the home pricing and lot values of the real estate under development that is owned by KRVI on a quarterly basis. Based on evaluations during the year ended December 31, 2019, the Company determined that the real estate under development with an original carrying amount of $20.9 million was no longer fully recoverable and was impaired. The Company recognized a $1.9 million impairment loss which is included in other income on the accompanying consolidated statements of operations for the year ended December 31, 2019. For the year ended December 31, 2019, $1.0 million of this impairment loss is included in net income attributable to non-controlling interest in consolidated variable interest entities on the accompanying consolidated statements of operations, resulting in a net loss to the Company of $0.9 million. For the year ended December 31, 2018, the Company recognized a $2.8 million impairment loss which is included in other income on the accompanying consolidated statements of operations. For the year ended December 31, 2018, $1.4 million of this impairment loss is included in net income attributable to non-controlling interest in consolidated variable interest entities on the accompanying consolidated statements of operations, resulting in a net loss to the Company of $1.4 million. Fair value was determined based on the sales comparison approach which derives a value indication by comparing the subject property to similar properties that have been recently sold and assumes a purchaser will not pay more for a particular property than a similar substitute property.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, amounts due from banks and overnight deposits. The Company maintains its cash and cash equivalents in highly rated financial institutions, and at times these balances exceed insurable amounts.

Intangible Assets – Intangible assets consisting of acquired trade name, acquired technology, employment/non-compete agreements, and acquired in-place leases with useful lives ranging from 6 months to 10 years are included in receivables and other assets on the accompanying consolidated balance sheets. Intangible assets with estimable useful lives are amortized on a straight-line basis over their respective estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The useful lives of intangible assets are evaluated on an annual basis to determine whether events and circumstances warrant a revision to the remaining useful life. See "*Real Estate Held for Sale in Consolidated Variable Interest Entities*" for further discussion of acquired in-place lease intangible assets.

Receivables and Other Assets – Receivables and other assets as of December 31, 2019 and 2018 include restricted cash held by third parties of $2.8 million and $5.4 million, respectively. Receivables and other assets also includes $41.2 million of receivables from borrowers related to distressed and other residential mortgage loans as of December 31, 2019.

Repurchase Agreements, Investment Securities – The Company finances the majority of its investment securities available for sale using repurchase agreements. Under a repurchase agreement, an asset is sold to a counterparty to be repurchased at a future date at a predetermined price, which represents the original sales price plus interest. The repurchase agreements are treated as collateralized financing transactions and are carried at their contractual amounts, as specified in the respective agreements. Borrowings under repurchase agreements generally bear interest rates of a specified margin over LIBOR.

Repurchase Agreements, Distressed and Other Residential Mortgage Loans – The Company finances a portion of its distressed and other residential mortgage loans at fair value and distressed residential mortgage loans accounted for under ASC 310-30, through repurchase agreements that expire within 12 to 18 months (see *Note 12*). The borrowings under the repurchase agreements bear an interest rate of a specified margin over one-month LIBOR. The repurchase agreements are treated as collateralized financing transactions and are carried at their contractual amounts, as specified in the respective agreements. Costs related to the establishment of the repurchase agreements which include underwriting, legal, accounting and other fees are reflected as deferred charges. Such costs are presented as a deduction from the corresponding debt liability on the accompanying consolidated balance sheets and the deferred charges are amortized as an adjustment to interest expense using the effective interest method, or straight line-method, if the result is not materially different.

Collateralized Debt Obligations – The Company records collateralized debt obligations used to permanently finance certain residential and multi-family loans held in securitization trusts as debt on the accompanying consolidated balance sheets. Residential collateralized debt obligations ("Residential CDOs") are used to finance residential ARM loans held in the Company's residential mortgage loan securitization trusts. Residential collateralized debt obligations, at fair value ("SLST CDOs") include the debt issued to permanently finance the seasoned re-performing and non-performing residential mortgage loans held in Consolidated SLST. Multi-Family collateralized debt obligations ("Multi-Family CDOs") include debt issued to permanently finance the multi-family mortgage loans held in the Consolidated K-Series. We refer to Residential CDOs, SLST CDOs and Multi-Family CDOs collectively as "CDOs" in this report.

For financial reporting purposes, the loans held as collateral for these obligations are recorded as assets of the Company.

Securitized Debt – Securitized Debt represents third-party liabilities of Consolidated VIEs and excludes liabilities of the VIEs acquired by the Company that are eliminated on consolidation. The Company entered into several financing transactions that resulted in the Company consolidating as VIEs the SPEs that were created to facilitate the transactions and to which underlying assets in connection with the financing were transferred. The Company engaged in these transactions primarily to obtain permanent or longer-term financing on a portion of its multi-family CMBS and acquired distressed residential mortgage loans.

Costs related to the issuance of securitized debt, which include underwriting, rating agency, legal, accounting and other fees, are reflected as deferred charges. Such costs are presented as a deduction from the corresponding debt liability on the accompanying consolidated balance sheets and the deferred charges are amortized as an adjustment to interest expense using the effective interest method, or straight line-method, if the result is not materially different.

The Company had no securitized debt outstanding as of December 31, 2019.

Convertible Notes – On January 23, 2017, the Company issued its 6.25% Senior Convertible Notes due 2022 (the "Convertible Notes") to finance the acquisition of targeted assets and for general working capital purposes. The Company evaluated the conversion features of the Convertible Notes for embedded derivatives in accordance with ASC 815, *Derivatives and Hedging* ("ASC 815") and determined that the conversion features should not be bifurcated from the notes.

The Convertible Notes were issued at a 4% discount. Costs related to issuance of the Convertible Notes, which include underwriting, legal, accounting and other fees, are reflected as deferred charges. The discount and deferred charges are amortized as an adjustment to interest expense using the effective interest method. The discount and deferred issuance costs, net of amortization, are presented as a deduction from the corresponding debt liability on the accompanying consolidated balance sheets.

Derivative Financial Instruments – In accordance with ASC 815, the Company records derivative financial instruments on the accompanying consolidated balance sheets as assets or liabilities at fair value. Changes in fair value are accounted for depending on the use of the derivative instruments and whether they qualify for hedge accounting treatment.

The Company uses interest rate swaps to hedge the variable cash flows associated with our variable rate borrowings. At the inception of an interest rate swap agreement, the Company determines whether the instrument will be part of a qualifying hedge accounting relationship or whether the Company will account for the contract as a trading instrument. The Company has elected to treat all current interest rate swaps as trading instruments due to volatility and difficulty in effectively matching cash flows. We typically pay a fixed rate and receive a floating rate, based on one or three month LIBOR, on the notional amount of the interest rate swaps. The floating rate we receive under our swap agreements has the effect of offsetting the repricing characteristics and cash flows of our financing arrangements. Changes in fair value for interest rate swaps designated as trading instruments are reported on the accompanying consolidated statements of operations as unrealized gains (losses), net. Changes in fair value for interest rate swaps qualifying for hedge accounting will be included on the accompanying consolidated statements of comprehensive income (loss) as decrease in fair value of derivative instruments utilized for cash flow hedges.

All of the Company's interest rate swaps outstanding are cleared through a central clearing house. The Company exchanges variation margin for swaps based upon daily changes in fair value. As a result of amendments to rules governing certain central clearing activities, the exchange of variation margin is treated as a legal settlement of the exposure under the swap contract. Previously such payments were treated as cash collateral pledged against the exposure under the swap contract. Accordingly, the Company accounted for the receipt or payment of variation margin as a direct reduction to or increase in the carrying value of the interest rate swap asset or liability on the accompanying consolidated balance sheets.

Manager Compensation – From 2012 to May 2019, we were a party to an investment management agreement with Headlands Asset Management LLC ("Headlands") pursuant to which Headlands provided investment management services with respect to our investments in certain distressed residential mortgage loans. From 2011 to December 2017, we were a party to an investment management agreement with the Midway Group, LP ("Midway"), pursuant to which Midway provided investment management services with respect to our investments in Agency IOs. These investment management agreements provided for the payment to our investment managers of a management fee, incentive fee and reimbursement of certain operating expenses, which were accrued and expensed during the period for which they are earned or incurred. The Headlands agreement was terminated effective May 3, 2019 and the Midway agreement was terminated effective December 31, 2017.

Other Comprehensive Income (Loss) – The Company's comprehensive income/(loss) attributable to the Company's common stockholders includes net income, the change in fair value of its available for sale securities purchased prior to October 2019 and its derivative hedging instruments (comprised of interest rate swaps until October 2017) (to the extent that such changes are not recorded in earnings), adjusted by realized net gains/(losses) reclassified out of accumulated other comprehensive income/(loss) for available for sale securities, reduced by dividends declared on the Company's preferred stock and increased/decreased for net loss/(income) attributable to non-controlling interest in consolidated variable interest entities. See "*Investment Securities, Available for Sale*" for discussion of the reporting of the change in fair value of available for sale securities purchased after September 2019.

Employee Benefits Plans – The Company sponsors a defined contribution plan (the "Plan") for all eligible domestic employees. The Plan qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The Company made no contributions to the Plan for the years ended December 31, 2019 and 2018.

Stock Based Compensation – The Company has awarded restricted stock to eligible employees and officers as part of their compensation. Compensation expense for equity based awards and stock issued for services are recognized over the vesting period of such awards and services based upon the fair value of the award at the grant date.

During the years ended December 31, 2019 and 2018, the Company granted Performance Stock Units ("PSUs") to the Chief Executive Officer, Chief Financial Officer and certain other employees. The awards were issued pursuant to and are consistent with the terms and conditions of the Company's 2017 Equity Incentive Plan (the "2017 Plan"). The PSUs are subject to performance-based vesting under the 2017 Plan pursuant to a form of PSU award agreement (the "PSU Agreement"). Vesting of the PSUs will occur after a three-year period based on the Company's relative TSR percentile ranking as compared to an identified performance peer group. The feature in this award constitutes a "market condition" which impacts the amount of compensation expense recognized for these awards. The grant date fair values of PSUs were determined through Monte-Carlo simulation analysis.

Income Taxes – The Company operates in such a manner so as to qualify as a REIT under the requirements of the Internal Revenue Code. Requirements for qualification as a REIT include various restrictions on ownership of the Company's stock, requirements concerning distribution of taxable income and certain restrictions on the nature of assets and sources of income. A REIT must distribute at least 90% of its taxable income to its stockholders, of which 85% plus any undistributed amounts from the prior year must be distributed within the taxable year in order to avoid the imposition of an excise tax. Distribution of the remaining balance may extend until timely filing of the Company's tax return in the subsequent taxable year. Qualifying distributions of taxable income are deductible by a REIT in computing taxable income.

Certain activities of the Company are conducted through TRSs and therefore are subject to federal and various state and local income taxes. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ASC 740, *Income Taxes* ("ASC 740"), provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. In situations involving uncertain tax positions related to income tax matters, we do not recognize benefits unless it is more likely than not that they will be sustained. ASC 740 was applied to all open taxable years as of the effective date. Management's determinations regarding ASC 740 may be subject to review and adjustment at a later date based on factors including, but not limited to, an ongoing analysis of tax laws, regulations and interpretations thereof. The Company will recognize interest and penalties, if any, related to uncertain tax positions as income tax expense in our consolidated statements of operations.

Earnings Per Share – Basic earnings per share excludes dilution and is computed by dividing net income attributable to the Company's common stockholders by the weighted-average number of shares of common stock outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company.

Segment Reporting – ASC 280, *Segment Reporting*, is the authoritative guidance for the way public entities report information about operating segments in their annual financial statements. We are a REIT focused on the business of acquiring, investing in, financing and managing primarily mortgage-related and residential housing-related assets, and currently operate in only one reportable segment.

Summary of Recent Accounting Pronouncements

Adoption of ASC Topic 842, Leases ("ASC 842")

On January 1, 2019, the Company adopted ASC 842 using the modified retrospective transition method applied to all leases that were not completed as of January 1, 2019. Results for reporting periods beginning on or after January 1, 2019 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. We elected the practical expedients allowed for under ASC 842 that exempt an entity from reassessing whether existing contracts contain leases, reassessing the lease classification of existing leases, and reassessing the initial direct costs for existing leases. As such, there was no cumulative impact on opening accumulated deficit as of January 1, 2019 of adopting ASC 842 under the modified retrospective transition method. Operating lease right of use assets of $9.3 million and operating lease liabilities of $9.8 million are included in receivables and other assets and accrued expenses and other liabilities on the accompanying consolidated balance sheets, respectively, as of December 31, 2019. The adoption of ASC 842 did not have a material effect on our results of operations for the year ended December 31, 2019.

Financial Instruments —Credit Losses (Topic 326)

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). The amendments require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. In addition, the ASU amends the accounting for credit losses on purchased financial assets with credit deterioration and available-for-sale debt securities, which will require the recognition of credit losses through a valuation allowance when fair value is less than amortized cost. The amendments are effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted beginning in 2019.

In May 2019, the FASB issued ASU 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief* ("ASU 2019-05"). The amendments allow an entity to make an irrevocable one-time election to measure financial assets accounted for under ASC 326-20, *Financial Instruments—Credit Losses— Measured at Amortized Cost*, using the fair value option upon adoption of ASU 2016-13. For the Company, the amendments are effective upon adoption of ASU 2016-13. The amendments in ASU 2019-05 should be applied on a modified retrospective basis by means of a cumulative-effect adjustment to the opening balance of retained earnings as of the date that an entity adopted the amendments in ASU 2016-13.

On January 1, 2020, the Company adopted ASU 2016-13 and elected to apply the fair value option in accordance with ASU 2019-05 to the Company's distressed and other residential mortgage loans, net, preferred equity and mezzanine loan investments that are accounted for as loans and preferred equity and mezzanine loans that are accounted for under the equity method. Adjustments resulting from the one-time election to record the difference between the carrying value and the fair value of these assets will be reflected in our consolidated balance sheets as of January 1, 2020 and will have no impact on our consolidated statements of operations as of January 1, 2020. Subsequent changes in fair value for these assets will be recorded in unrealized gains (losses), net on our consolidated statements of operations. As a result of the implementation of ASU 2019-05, we recorded a cumulative-effect adjustment of $12.3 million as an increase to stockholders' equity as of January 1, 2020.

The following table presents the balances at December 31, 2019, the transition adjustments, and the balances at January 1, 2020 for those balance sheet line items impacted by the implementation of ASU 2019-05 (dollar amounts in thousands):

	December 31, 2019	Transition Adjustment	January 1, 2020
Assets			
Distressed and other residential mortgage loans, net	$ 202,756	$ 5,715	$ 208,471
Investments in unconsolidated entities	106,083	1,394	107,477
Preferred equity and mezzanine loan investments	180,045	2,420	182,465
Receivables and other assets	865	2,755	3,620
Total Assets	$ 489,749	$ 12,284	$ 502,033
Stockholders' Equity			
Accumulated deficit	$ (148,863)	$ 12,284	$ (136,579)
Total Stockholders' Equity	$ (148,863)	$ 12,284	$ (136,579)

The Company also assessed the impact of ASU 2016-13 on the Company's investment securities, available for sale where the fair value option has not been elected and determined that the adoption of the standard would not have a material effect on our financial statements as of January 1, 2020.

Fair Value Measurement (Topic 820)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). These amendments add, modify, or remove disclosure requirements regarding the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, narrative descriptions of measurement uncertainty, and the valuation processes for Level 3 fair value measurements. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted upon issuance of this update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of ASU 2018-13 and delay adoption of the additional disclosures until their effective date. The Company anticipates the implementation of this guidance as of the effective date will result in additional and modified disclosures with respect to its Level 3 fair value measurements.

3. Investment Securities Available For Sale

Investment securities available for sale consisted of the following as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019				December 31, 2018			
		Unrealized				Unrealized		
	Amortized Cost	Gains	Losses	Fair Value	Amortized Cost	Gains	Losses	Fair Value
Agency RMBS:								
Agency ARMs [1]	$ 55,740	$ 13	$ (1,347)	$ 54,406	$ 73,949	$ 8	$ (2,563)	$ 71,394
Agency Fixed-Rate	867,236	7,397	(6,162)	868,471	1,002,057	—	(35,721)	966,336
Total Agency RMBS [2]	922,976	7,410	(7,509)	922,877	1,076,006	8	(38,284)	1,037,730
Agency CMBS [2]	51,334	19	(395)	50,958	—	—	—	—
Total Agency	974,310	7,429	(7,904)	973,835	1,076,006	8	(38,284)	1,037,730
Non-Agency RMBS [2]	701,583	14,992	(1,261)	715,314	215,337	166	(1,466)	214,037
CMBS [2][3]	254,620	13,300	(143)	267,777	243,046	17,815	(376)	260,485
ABS [2]	49,902	—	(688)	49,214	—	—	—	—
Total investment securities available for sale	$ 1,980,415	$ 35,721	$ (9,996)	$ 2,006,140	$ 1,534,389	$ 17,989	$ (40,126)	$ 1,512,252

(1) For the Company’s Agency ARMs with stated reset periods, the weighted average reset period is 26 months and 31 months as of December 31, 2019 and 2018, respectively.

(2) As of December 31, 2019, certain of the Company’s investment securities available for sale are presented at fair value with unrealized gains and losses recognized in unrealized gains (losses), net on the Company’s consolidated statements of operations as a result of a fair value election pursuant to ASC 825. This includes Agency RMBS with a fair value of $21.0 million and net unrealized losses of $0.1 million, Agency CMBS with a fair value of $30.7 million and net unrealized losses of $0.4 million, non-Agency RMBS with a fair value of $123.8 million and net unrealized gains of $1.2 million, CMBS with a fair value of $20.6 million and net unrealized gains of $0.5 million, and ABS with a fair value of $49.2 million and net unrealized losses of $0.7 million.

(3) Included in CMBS is $52.7 million of first loss POs and certain IOs held in re-securitization trusts as of December 31, 2018.

Realized Gain or Loss Activity

During the year ended December 31, 2019, the Company received total proceeds of approximately $98.0 million from the sale of investment securities available for sale, realizing a net gain of approximately $21.8 million. During the year ended December 31, 2018, the Company received total proceeds of approximately $26.9 million from the sale of investment securities available for sale, realizing a net loss of approximately $12.3 million. During the year ended December 31, 2017, the Company received total proceeds of approximately $107.1 million from the sale of investment securities available for sale, realizing a net loss of approximately $0.1 million.

Weighted Average Life

Actual maturities of our available for sale securities are generally shorter than stated contractual maturities (with maturities up to 40 years), as they are affected by periodic payments and prepayments of principal on the underlying mortgages. As of December 31, 2019 and 2018, based on management’s estimates, the weighted average life of the Company’s available for sale securities portfolio was approximately 5.0 years and 5.7 years, respectively.

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The following table sets forth the weighted average lives of our investment securities available for sale as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

Weighted Average Life	December 31, 2019	December 31, 2018
0 to 5 years	$ 1,359,894	$ 456,947
Over 5 to 10 years	521,517	1,043,369
10+ years	124,729	11,936
Total	$ 2,006,140	$ 1,512,252

Unrealized Losses in Other Comprehensive Income

The following tables present the Company's investment securities available for sale in an unrealized loss position reported through OCI, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

December 31, 2019	Less than 12 Months		Greater than 12 months		Total	
	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses
Agency RMBS	$ —	$ —	$ 222,286	$ (7,454)	$ 222,286	$ (7,454)
Non-Agency RMBS	—	—	104	(13)	104	(13)
CMBS	25,507	(124)	—	—	25,507	(124)
Total	$ 25,507	$ (124)	$ 222,390	$ (7,467)	$ 247,897	$ (7,591)

December 31, 2018	Less than 12 Months		Greater than 12 months		Total	
	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses
Agency RMBS	$ 310,783	$ (8,037)	$ 726,028	$ (30,247)	$ 1,036,811	$ (38,284)
Non-Agency RMBS	187,395	(1,451)	158	(15)	187,553	(1,466)
CMBS	75,292	(376)	—	—	75,292	(376)
Total	$ 573,470	$ (9,864)	$ 726,186	$ (30,262)	$ 1,299,656	$ (40,126)

At December 31, 2019 and 2018, the Company did not intend to sell any of its investments that were in an unrealized loss position, and it is "more likely than not" that the Company will not be required to sell these securities before recovery of their amortized cost basis, which may be at their maturity.

Gross unrealized losses in other comprehensive income on the Company's Agency RMBS were $7.5 million and $38.3 million as of December 31, 2019 and 2018, respectively. Agency RMBS are issued by GSEs and enjoy either the implicit or explicit backing of the full faith and credit of the U.S. Government. While the Company's Agency RMBS are not rated by any rating agency, they are currently perceived by market participants to be of high credit quality, with risk of default limited to the unlikely event that the U.S. Government would not continue to support the GSEs. Given the credit quality inherent in Agency RMBS, the Company does not consider any of the current impairments on its Agency RMBS to be credit related. In assessing whether it is more likely than not that it will be required to sell any impaired security before its anticipated recovery, which may be at its maturity, the Company considers for each impaired security, the significance of each investment, the amount of impairment, the projected future performance of such impaired securities, as well as the Company's current and anticipated leverage capacity and liquidity position. Based on these analyses, the Company determined that at December 31, 2019 and 2018, any unrealized losses on its Agency RMBS were temporary.

Gross unrealized losses in other comprehensive income on the Company's non-Agency RMBS were $13.0 thousand and $1.5 million at December 31, 2019 and 2018, respectively. Gross unrealized losses in other comprehensive income on the Company's CMBS were $0.1 million and $0.4 million at December 31, 2019 and 2018, respectively. Credit risk associated with non-Agency RMBS and CMBS is regularly assessed as new information regarding the underlying collateral becomes available and based on updated estimates of cash flows generated by the underlying collateral. Based upon the most recent evaluation, the Company does not consider these unrealized losses to be indicative of other-than-temporary impairment and does not believe that these unrealized losses are credit-related, but are rather a reflection of current market yields and/or marketplace bid-ask spreads.

Other than Temporary Impairment

For the years ended December 31, 2019, 2018 and 2017, the Company did not recognize other-than-temporary impairment through earnings.

4. Distressed and Other Residential Mortgage Loans, At Fair Value

Certain of the Company's acquired residential mortgage loans, including distressed residential mortgage loans, non-QM loans, second mortgages and residential bridge loans, are presented at fair value on its consolidated balance sheets as a result of a fair value election made at the time of acquisition. Subsequent changes in fair value are reported in current period earnings and presented in unrealized gains (losses), net on the Company's consolidated statements of operations.

The Company's distressed and other residential mortgage loans at fair value consist of the following as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	Principal	Premium/(Discount)	Unrealized Gains/(Losses)	Carrying Value
December 31, 2019	$ 1,464,984	$ (81,372)	$ 46,142	$ 1,429,754
December 31, 2018	788,372	(54,905)	4,056	737,523

The following table presents the components of realized gains (losses), net and unrealized gains (losses), net attributable to distressed and other residential mortgage loans at fair value for the years ended December 31, 2019, 2018 and 2017 respectively (dollar amounts in thousands):

	Years Ended December 31,		
	2019	2018	2017
Net realized gains on payoff and sale of loans	$ 9,187	$ 4,606	$ 1,719
Net unrealized gains (losses)	42,087	4,096	(41)

The geographic concentrations of credit risk exceeding 5% of the unpaid principal balance of distressed and other residential mortgage loans at fair value as of December 31, 2019 and 2018, respectively, are as follows:

	December 31, 2019	December 31, 2018
California	23.9%	27.9%
Florida	9.4%	9.0%
New York	8.0%	5.1%
Texas	5.4%	4.2%
New Jersey	5.1%	3.8%

The following table presents the fair value and aggregate unpaid principal balance of the Company's distressed and other residential mortgage loans at fair value greater than 90 days past due and in non-accrual status as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	Fair Value	Unpaid Principal Balance
December 31, 2019	$ 106,199	$ 122,918
December 31, 2018	60,117	75,167

Additionally, the fair value and aggregate unpaid principal balance of distressed and other residential mortgage loans at fair value held in non-accrual status but less than 90 days past due was approximately $9.3 million and $10.7 million, respectively, as of December 31, 2019.

Distressed and other residential mortgage loans with a fair value of approximately $881.2 million and $626.2 million at December 31, 2019 and 2018, respectively, are pledged as collateral for master repurchase agreements (*see Note 12*).

5. Distressed and Other Residential Mortgage Loans, Net

Distressed Residential Mortgage Loans, Net

As of December 31, 2019 and 2018, the carrying value of the Company's distressed residential mortgage loans accounted for under ASC 310-30 amounts to approximately $158.7 million and $228.5 million, respectively.

The Company has elected the fair value option for all distressed residential mortgage loans purchased after June 30, 2017 (*see Note 4*).

The following table details activity in accretable yield for the distressed residential mortgage loans, net for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019	December 31, 2018
Balance at beginning of period	$ 195,560	$ 303,949
Additions	1,784	7,972
Disposals	(53,624)	(99,603)
Accretion	(7,015)	(16,758)
Balance at end of period (1)	$ 136,705	$ 195,560

(1) Accretable yield is the excess of the distressed residential mortgage loans' cash flows expected to be collected over the purchase price. The cash flows expected to be collected represents the Company's estimate of the amount and timing of undiscounted principal and interest cash flows. Additions include reclassification to accretable yield from nonaccretable yield. Disposals include distressed residential mortgage loan dispositions, which include refinancing, sale and foreclosure of the underlying collateral and resulting removal of the distressed residential mortgage loans from the accretable yield, and reclassifications from accretable to nonaccretable yield. The reclassifications between accretable and nonaccretable yield and the accretion of interest income is based on various estimates regarding loan performance and the value of the underlying real estate securing the loans. As the Company continues to update its estimates regarding the loans and the underlying collateral, the accretable yield may change. Therefore, the amount of accretable income recorded in each of the years ended December 31, 2019 and 2018 is not necessarily indicative of future results.

The geographic concentrations of credit risk exceeding 5% of the unpaid principal balance of our distressed residential mortgage loans, net as of December 31, 2019 and 2018, respectively, are as follows:

	December 31, 2019	December 31, 2018
North Carolina	10.5%	9.0%
Florida	10.1%	10.4%
Georgia	7.0%	7.2%
South Carolina	5.8%	5.6%
Texas	5.6%	4.9%
New York	5.5%	5.4%
Ohio	5.2%	5.0%
Virginia	5.2%	5.3%

The Company had no distressed residential mortgage loans held in securitization trusts pledged as collateral for securitized debt as of December 31, 2019. The Company's distressed residential mortgage loans held in securitization trusts with a carrying value of approximately $88.1 million at December 31, 2018 were pledged as collateral for certain of the Securitized Debt issued by the Company (*see Note 9*). In addition, distressed residential mortgage loans with a carrying value of approximately $80.6 million and $128.1 million at December 31, 2019 and 2018, respectively, are pledged as collateral for a master repurchase agreement (*see Note 12*).

Residential Mortgage Loans Held in Securitization Trusts, Net

Residential mortgage loans held in securitization trusts, net are comprised of certain ARMs transferred to Consolidated VIEs that have been securitized into sequentially rated classes of beneficial interests. Residential mortgage loans held in securitization trusts, net consist of the following as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019	December 31, 2018
Unpaid principal balance	$ 47,237	$ 60,171
Deferred origination costs – net	301	383
Allowance for loan losses	(3,508)	(3,759)
Total	$ 44,030	$ 56,795

Allowance for Loan Losses - The following table presents the activity in the Company's allowance for loan losses on residential mortgage loans held in securitization trusts, net for the years ended December 31, 2019, 2018 and 2017, respectively (dollar amounts in thousands):

	Years Ended December 31,		
	2019	2018	2017
Balance at beginning of period	$ 3,759	$ 4,191	$ 3,782
Provisions for loan losses	25	166	475
Transfer to real estate owned	(167)	—	(6)
Charge-offs	(109)	(598)	(60)
Balance at the end of period	$ 3,508	$ 3,759	$ 4,191

On an ongoing basis, the Company evaluates the adequacy of its allowance for loan losses. The Company's allowance for loan losses at December 31, 2019 was $3.5 million, representing 743 basis points of the outstanding principal balance of residential mortgage loans held in securitization trusts, as compared to 625 basis points as of December 31, 2018. As part of the Company's allowance for loan loss adequacy analysis, management will assess an overall level of allowances while also assessing credit losses inherent in each non-performing residential mortgage loan held in securitization trusts. These estimates involve the consideration of various credit related factors, including but not limited to, current housing market conditions, current loan to value ratios, delinquency status, the borrower's current economic and credit status and other relevant factors.

The Company's residential mortgage loans held in securitization trusts, net and real estate owned are pledged as collateral for the Residential CDOs issued by the Company. The Company's net investment in these residential securitization trusts, which is the maximum amount of the Company's investment that is at risk to loss and represents the difference between (i) the carrying amount of the mortgage loans, real estate owned and receivables held in residential securitization trusts and (ii) the amount of Residential CDOs outstanding, was $4.9 million and $4.8 million as of December 31, 2019 and 2018, respectively.

Delinquency Status of Our Residential Mortgage Loans Held in Securitization Trusts, Net

As of December 31, 2019, we had 18 delinquent loans with an aggregate principal amount outstanding of approximately $10.2 million categorized as residential mortgage loans held in securitization trusts, net, of which $6.7 million, or 66%, are under some form of temporary modified payment plan. The table below shows delinquencies in our portfolio of residential mortgage loans held in securitization trusts, net, including real estate owned (REO) through foreclosure, as of December 31, 2019 (dollar amounts in thousands):

December 31, 2019

Days Late	Number of Delinquent Loans	Total Unpaid Principal	% of Loan Portfolio
30 - 60	2	$ 211	0.44%
90+	16	$ 10,010	21.05%
Real estate owned through foreclosure	1	$ 360	0.76%

As of December 31, 2018, we had 19 delinquent loans with an aggregate principal amount outstanding of approximately $10.9 million categorized as residential mortgage loans held in securitization trusts, net, of which $6.6 million, or 61%, were under some form of temporary modified payment plan. The table below shows delinquencies in our portfolio of residential mortgage loans held in securitization trusts, net as of December 31, 2018 (dollar amounts in thousands):

December 31, 2018

Days Late	Number of Delinquent Loans	Total Unpaid Principal	% of Loan Portfolio
90+	19	$ 10,926	18.16%

The geographic concentrations of credit risk exceeding 5% of the total loan balances in our residential mortgage loans held in securitization trusts, net as of December 31, 2019 and 2018, respectively, are as follows:

	December 31, 2019	December 31, 2018
New York	36.1%	33.9%
Massachusetts	17.2%	20.0%
New Jersey	12.8%	14.5%
Florida	12.1%	9.9%
Maryland	5.5%	5.3%

6. Consolidated K-Series and Consolidated SLST

Consolidated K-Series

The Company owns first loss POs, certain IOs and certain senior and mezzanine securities issued by certain Freddie Mac-sponsored multi-family loan K-series securitizations that comprise the Consolidated K-Series. The Consolidated K-Series is comprised of fourteen and nine Freddie Mac-sponsored multi-family loan K-Series securitizations as of December 31, 2019 and 2018, respectively, that we consolidate in our financial statements in accordance with GAAP. The Company has elected the fair value option on the assets and liabilities held within the Consolidated K-Series, which requires that changes in valuations in the assets and liabilities of the Consolidated K-Series be reflected in the Company's consolidated statements of operations. Our investment in the Consolidated K-Series is limited to the multi-family CMBS that we own with an aggregate net carrying value of $1.1 billion and $657.6 million at December 31, 2019 and 2018, respectively (*see Note 9*).

The condensed consolidated balance sheets of the Consolidated K-Series at December 31, 2019 and 2018, respectively, are as follows (dollar amounts in thousands):

Balance Sheets	**December 31, 2019**	**December 31, 2018**
Assets		
Multi-family loans held in securitization trusts, at fair value	$ 17,816,746	$ 11,679,847
Receivables [(1)]	59,417	41,850
Total Assets	$ 17,876,163	$ 11,721,697
Liabilities and Equity		
Multi-family CDOs, at fair value	$ 16,724,451	$ 11,022,248
Accrued expenses	57,873	41,102
Total Liabilities	16,782,324	11,063,350
Equity	1,093,839	658,347
Total Liabilities and Equity	$ 17,876,163	$ 11,721,697

(1) Included in receivables and other assets on the accompanying consolidated balance sheets.

The multi-family loans held in securitization trusts had unpaid aggregate principal balances of approximately $16.8 billion and $11.5 billion at December 31, 2019 and 2018, respectively. The Multi-Family CDOs had aggregate unpaid principal balances of approximately $16.8 billion and $11.5 billion at December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the current weighted average interest rate on these Multi-Family CDOs was 3.85% and 3.96%, respectively.

The Company does not have any claims to the assets or obligations for the liabilities of the Consolidated K-Series (other than those securities represented by the first loss POs, IOs and certain senior and mezzanine securities owned by the Company). We have elected the fair value option for the Consolidated K-Series. The net fair value of our investment in the Consolidated K-Series, which represents the difference between the carrying values of multi-family loans held in securitization trusts less the carrying value of Multi-Family CDOs, approximates the fair value of our underlying securities (*see Note 15*).

The condensed consolidated statements of operations of the Consolidated K-Series for the years ended December 31, 2019, 2018, and 2017, respectively, are as follows (dollar amounts in thousands):

	Years Ended December 31,		
Statements of Operations	**2019**	**2018**	**2017**
Interest income	$ 535,226	$ 358,712	$ 297,124
Interest expense	457,130	313,102	261,665
Net interest income	78,096	45,610	35,459
Unrealized gains, net	23,962	37,581	18,872
Net income	$ 102,058	$ 83,191	$ 54,331

The geographic concentrations of credit risk exceeding 5% of the total loan balances related to multi-family loans held in securitization trusts as of December 31, 2019 and multi-family loans held in securitization trusts and first loss POs and certain IOs held in re-securitization trusts as of December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
California	15.9%	14.8%
Texas	12.4%	13.0%
Florida	6.2%	4.5%
Maryland	5.8%	5.0%

Consolidated SLST

In the fourth quarter of 2019, the Company invested in first loss subordinated securities and certain IOs and senior securities issued by a Freddie Mac-sponsored residential mortgage loan securitization. In accordance with GAAP, the Company has consolidated the underlying seasoned re-performing and non-performing residential mortgage loans held in the securitization and the SLST CDOs issued to permanently finance these residential mortgage loans, which we refer to as Consolidated SLST. The Company has elected the fair value option on the assets and liabilities held within Consolidated SLST, which requires that changes in valuations in the assets and liabilities of Consolidated SLST be reflected in the Company's consolidated statements of operations. Our investment in Consolidated SLST is limited to the securities that we own with an aggregate net carrying value of $276.8 million at December 31, 2019 (*see Note 9*).

The condensed consolidated balance sheet of Consolidated SLST at December 31, 2019 is as follows (dollar amounts in thousands):

Balance Sheet		**December 31, 2019**
Assets		
Residential mortgage loans held in securitization trust, at fair value	$	1,328,886
Receivables [(1)]		5,244
Total Assets	$	1,334,130
Liabilities and Equity		
Residential collateralized debt obligations, at fair value	$	1,052,829
Accrued expenses		2,643
Total Liabilities		1,055,472
Equity		278,658
Total Liabilities and Equity	$	1,334,130

(1) Included in receivables and other assets on the accompanying consolidated balance sheets.

The residential mortgage loans held in securitization trust at fair value had aggregate unpaid principal balances of approximately $1.3 billion at December 31, 2019. The SLST CDOs had aggregate unpaid principal balances of approximately $1.3 billion at December 31, 2019. As of December 31, 2019, the current weighted average interest rate on the SLST CDOs was 3.53%.

The Company does not have any claims to the assets or obligations for the liabilities of Consolidated SLST (other than those securities represented by the first loss subordinated securities, IOs and senior securities owned by the Company). We have elected the fair value option for Consolidated SLST. The net fair value of our investment in Consolidated SLST, which represents the difference between the carrying values of residential mortgage loans held in securitization trust less the carrying value of SLST CDOs, approximates the fair value of our underlying securities (*see Note 15*).

The condensed consolidated statement of operations of Consolidated SLST for the year ended December 31, 2019, is as follows (dollar amounts in thousands):

Statement of Operations	**December 31, 2019**
Interest income [1]	$ 4,764
Interest expense [2]	2,945
Net interest income	1,819
Unrealized losses, net	(83)
Net income	$ 1,736

(1) Included in the Company’s accompanying consolidated statements of operations in interest income, distressed and other residential mortgage loans.
(2) Included in the Company’s accompanying consolidated statements of operations in interest expense, residential collateralized debt obligations.

The geographic concentrations of credit risk exceeding 5% of the total loan balances related to residential mortgage loans held in securitization trust at fair value as of December 31, 2019 are as follows:

	December 31, 2019
California	11.0%
Florida	10.6%
New York	9.1%
New Jersey	6.9%
Illinois	6.6%

At December 31, 2019, residential mortgage loans held in securitization trust at fair value with an aggregate unpaid principal balance of $50.7 million were 90 days or more delinquent.

7. Investments in Unconsolidated Entities

The Company's investments in unconsolidated entities accounted for under the equity method are comprised of preferred equity ownership interests in entities that invest in multi-family properties where the risks and payment characteristics are equivalent to an equity investment and consist of the following as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019		December 31, 2018	
Investment Name	**Ownership Interest**	**Carrying Amount**	**Ownership Interest**	**Carrying Amount**
BBA-EP320 II, L.L.C., BBA-Ten10 II, L.L.C., and Lexington on the Green Apartments, L.L.C. (collectively)	45%	$ 10,108	45%	$ 8,948
Somerset Deerfield Investor, LLC	45%	17,417	45%	16,266
RS SWD Owner, LLC, RS SWD Mitchell Owner, LLC, RS SWD IF Owner, LLC, RS SWD Mullis Owner, LLC, RS SWD JH Mullis Owner, LLC and RS SWD Saltzman Owner, LLC (collectively)	43%	4,878	43%	4,714
Audubon Mezzanine Holdings, L.L.C. (Series A)	57%	10,998	57%	10,544
EP 320 Growth Fund, L.L.C. (Series A) and Turnbury Park Apartments - BC, L.L.C. (Series A) (collectively)	46%	6,847	—	—
Walnut Creek Properties Holdings, L.L.C.	36%	8,288	—	—
Towers Property Holdings, LLC	37%	11,278	—	—
Mansions Property Holdings, LLC	34%	10,867	—	—
Sabina Montgomery Holdings, LLC - Series B and Oakley Shoals Apartments, LLC - Series A (collectively)	43%	4,062	—	—
Gen1814, LLC - Series A, Highlands - Mtg. Holdings, LLC - Series A, and Polos at Hudson Investments, LLC - Series A (collectively)	37%	9,396	—	—
Axis Apartments Holdings, LLC, Arbor-Stratford Holdings II, LLC - Series B, Highlands - Mtg. Holdings, LLC - Series B, Oakley Shoals Apartments, LLC - Series C, and Woodland Park Apartments II, LLC (collectively)	53%	11,944	—	—
Total - Equity Method		$ 106,083		$ 40,472

The Company's investments in unconsolidated entities accounted for under the equity method using the fair value option consist of the following as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019		December 31, 2018	
Investment Name	**Ownership Interest**	**Carrying Amount**	**Ownership Interest**	**Carrying Amount**
Joint venture equity investments in multi-family properties				
The Preserve at Port Royal Venture, LLC	77%	$ 18,310	77%	$ 13,840
Evergreens JV Holdings, LLC [1]	—	—	85%	8,200
Equity investments in entities that invest in residential properties and loans				
Morrocroft Neighborhood Stabilization Fund II, LP	11%	11,796	11%	10,954
Headlands Asset Management Fund III (Cayman), LP (Headlands Flagship Opportunity Fund Series I)	49%	53,776	—	—
Total - Fair Value Option		$ 83,882		$ 32,994

(1) The Company's equity investment was redeemed during the year ended December 31, 2019.

The following table presents income from investments in unconsolidated entities accounted for under the equity method for the years ended December 31, 2019, 2018, and 2017, respectively (dollar amounts in thousands):

Investment Name	For the Years Ended December 31, 2019	2018	2017
BBA-EP320 II, L.L.C., BBA-Ten10 II, L.L.C., and Lexington on the Green Apartments, L.L.C. (collectively)	$ 1,167	$ 1,050	$ 996
Somerset Deerfield Investor, LLC	1,992	251	—
RS SWD Owner, LLC, RS SWD Mitchell Owner, LLC, RS SWD IF Owner, LLC, RS SWD Mullis Owner, LLC, RS SWD JH Mullis Owner, LLC and RS SWD Saltzman Owner, LLC (collectively)	539	76	—
Audubon Mezzanine Holdings, L.L.C. (Series A)	1,224	59	—
EP 320 Growth Fund, L.L.C. (Series A) and Turnbury Park Apartments - BC, L.L.C. (Series A) (collectively)	741	—	—
Walnut Creek Properties Holdings, L.L.C.	803	—	—
Towers Property Holdings, LLC	638	—	—
Mansions Property Holdings, LLC	615	—	—
Sabina Montgomery Holdings, LLC - Series B and Oakley Shoals Apartments, LLC - Series A (collectively)	188	—	—
Gen1814, LLC - Series A, Highlands - Mtg. Holdings, LLC - Series A, and Polos at Hudson Investments, LLC - Series A (collectively)	367	—	—
Axis Apartments Holdings, LLC, Arbor-Stratford Holdings II, LLC - Series B, Highlands - Mtg. Holdings, LLC - Series B, Oakley Shoals Apartments, LLC - Series C, and Woodland Park Apartments II, LLC (collectively)	267	—	—
Autumnwood Investments LLC (1)	—	—	265
200 RHC Hoover, LLC (2)	—	—	275

(1) Includes income recognized from redemption of the Company's investment during the year ended December 31, 2017.

(2) On March 31, 2017, the Company reconsidered its evaluation of its variable interest in Riverchase Landing and determined that it became the primary beneficiary of Riverchase Landing. Accordingly, on this date, the Company consolidated Riverchase Landing into its consolidated financial statements (*see Note 9*).

The following table presents income from investments in unconsolidated entities accounted for under the equity method using the fair value option for the years ended December 31, 2019, 2018, and 2017, respectively (dollar amounts in thousands):

Investment Name	For the Years Ended December 31, 2019	2018	2017
Joint venture equity investments in multi-family properties			
Evergreens JV Holdings, LLC (1)	$ 5,107	$ 4,312	$ 571
The Preserve at Port Royal Venture, LLC	5,374	1,778	1,729
WR Savannah Holdings, LLC (1)	—	1,854	1,386
Bent Tree JV Holdings, LLC (1)	—	—	1,795
Summerchase LR Partners LLC (1)	—	—	569
Lake Mary Realty Partners, LLC (1)	—	—	2,745
Equity investments in entities that invest in residential properties and loans			
Morrocroft Neighborhood Stabilization Fund II, LP	843	1,131	1,591
Headlands Asset Management Fund III (Cayman), LP (Headlands Flagship Opportunity Fund Series I)	3,776	—	—

(1) Includes income recognized from redemption of the Company's investment.

Summary combined financial information for the Company's investments in unconsolidated entities as of December 31, 2019 and 2018, respectively, and for the years ended December 31, 2019, 2018, and 2017, respectively, is shown below (dollar amounts in thousands):

	December 31, 2019	December 31, 2018
Balance Sheets:		
Real estate, net	$ 829,935	$ 479,862
Distressed and other residential mortgage loans, at fair value	266,739	—
Other assets	126,491	37,679
Total assets	$ 1,223,165	$ 517,541
Notes payable, net	$ 610,636	$ 381,196
Securitized debt	233,765	—
Other liabilities	23,387	10,546
Total liabilities	867,788	391,742
Members' equity	355,377	125,799
Total liabilities and members' equity	$ 1,223,165	$ 517,541

	For the Years Ended December 31,		
	2019	2018	2017
Operating Statements: [(1)]			
Rental revenues	$ 63,265	$ 37,921	$ 37,196
Real estate sales	42,350	49,750	92,900
Cost of real estate sales	(25,534)	(37,452)	(55,544)
Interest income	9,214	—	—
Realized and unrealized gains, net	10,452	—	—
Other income	4,697	1,719	2,906
Operating expenses	(42,383)	(20,599)	(21,375)
Income before debt service, acquisition costs, and depreciation and amortization	62,061	31,339	56,083
Interest expense	(28,340)	(16,456)	(16,704)
Acquisition costs	—	(183)	(432)
Depreciation and amortization	(45,548)	(15,176)	(13,659)
Net (loss) income	$ (11,827)	$ (476)	$ 25,288

(1) The Company records income (loss) from investments in unconsolidated entities under either the equity method of accounting or the fair value option. Accordingly, the combined net (loss) income shown above is not indicative of the income recognized by the Company from investments in unconsolidated entities.

8. Preferred Equity and Mezzanine Loan Investments

Preferred equity and mezzanine loan investments consist of the following as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019	December 31, 2018
Investment amount	$ 181,409	$ 166,789
Deferred loan fees, net	(1,364)	(1,234)
Total	$ 180,045	$ 165,555

There were no delinquent preferred equity or mezzanine loan investments as of December 31, 2019 and 2018.

The geographic concentrations of credit risk exceeding 5% of the total preferred equity and mezzanine loan investment amounts as of December 31, 2019 and 2018, respectively, are as follows:

	December 31, 2019	December 31, 2018
Tennessee	12.3%	6.8%
Florida	12.0%	11.3%
Georgia	11.8%	15.3%
Texas	10.6%	16.6%
Alabama	10.0%	8.6%
Virginia	8.4%	9.1%
South Carolina	6.3%	9.5%
New Jersey	5.0%	2.6%

9. Use of Special Purpose Entities (SPE) and Variable Interest Entities (VIE)

The Company uses SPEs to facilitate transactions that involve securitizing financial assets or re-securitizing previously securitized financial assets. The objective of such transactions may include obtaining non-recourse financing, obtaining liquidity or refinancing the underlying securitized financial assets on improved terms. Securitization involves transferring assets to an SPE to convert all or a portion of those assets into cash before they would have been realized in the normal course of business through the SPE's issuance of debt or equity instruments. Investors in an SPE usually have recourse only to the assets in the SPE and depending on the overall structure of the transaction, may benefit from various forms of credit enhancement, such as over-collateralization in the form of excess assets in the SPE, priority with respect to receipt of cash flows relative to holders of other debt or equity instruments issued by the SPE, or a line of credit or other form of liquidity agreement that is designed with the objective of ensuring that investors receive principal and/or interest cash flow on the investment in accordance with the terms of their investment agreement.

The Company has entered into re-securitization or financing transactions which required the Company to analyze and determine whether the SPEs that were created to facilitate the transactions are VIEs in accordance with ASC 810 and if so, whether the Company is the primary beneficiary requiring consolidation. As of December 31, 2019, the Company evaluated its residential mortgage loan securitizations and concluded that the entities created to facilitate each of the financing transactions are VIEs and that the Company is the primary beneficiary of these VIEs. Accordingly, the Company continues to consolidate the Residential CDOs issued by its residential mortgage loan securitizations as of December 31, 2019.

As of December 31, 2018, the Company evaluated the following re-securitization and financing transactions: 1) its residential mortgage loan securitizations; 2) its multi-family CMBS re-securitization transaction and 3) its distressed residential mortgage loan securitization transaction (each a "Financing VIE" and collectively, the "Financing VIEs") and concluded that the entities created to facilitate each of the transactions were VIEs and that the Company was the primary beneficiary of these VIEs. Accordingly, the Company consolidated the Financing VIEs as of December 31, 2018. On March 14, 2019, the Company exercised its right to an optional redemption of its multi-family CMBS re-securitization with an outstanding principal balance of $33.2 million resulting in a loss on extinguishment of debt of $2.9 million. Additionally, on March 25, 2019, the Company repaid outstanding notes from its April 2016 distressed residential mortgage loan securitization with an outstanding principal balance of $6.5 million. Due to the redemptions, the multi-family CMBS held by the re-securitization trust and the related residential mortgage loans held in securitization trust were returned to the Company.

The Company invests in multi-family CMBS consisting of POs that represent the first loss position of the Freddie Mac-sponsored multi-family K-series securitizations from which they were issued, and certain IOs and certain senior and mezzanine CMBS securities issued from those securitizations. The Company has evaluated these CMBS investments in Freddie Mac-sponsored K-Series securitization trusts to determine whether they are VIEs and if so, whether the Company is the primary beneficiary requiring consolidation. The Company has determined that fourteen and nine Freddie Mac-sponsored multi-family K-Series securitization trusts are VIEs as of December 31, 2019 and 2018, respectively, which we refer to as the Consolidated K-Series. The Company also determined that it is the primary beneficiary of each VIE within the Consolidated K-Series and, accordingly, has consolidated its assets, liabilities, income and expenses in the accompanying consolidated financial statements (*see Notes 2 and 6*). Of the multi-family CMBS investments owned by the Company that are included in the Consolidated K-Series, fourteen and eight of these investments are not included as collateral to any Financing VIE as of December 31, 2019 and 2018, respectively.

In the fourth quarter of 2019, the Company invested in subordinated securities that represent the first loss position of the Freddie Mac-sponsored residential mortgage loan securitization from which they were issued, and certain IOs and senior securities issued from the securitization. The Company has evaluated its investments in this securitization trust to determine whether it is a VIE and if so, whether the Company is the primary beneficiary requiring consolidation. The Company has determined that the Freddie Mac-sponsored residential mortgage loan securitization trust is a VIE as of December 31, 2019, which we refer to as Consolidated SLST. The Company also determined that it is the primary beneficiary of the VIE within Consolidated SLST and, accordingly, has consolidated its assets, liabilities, income and expenses, in the accompanying consolidated financial statements (*see Notes 2 and 6*). The Company's investments that are included in Consolidated SLST were not included as collateral to any Financing VIE as of December 31, 2019.

In analyzing whether the Company is the primary beneficiary of the Consolidated K-Series, Consolidated SLST, and the Financing VIEs, the Company considered its involvement in each of the VIEs, including the design and purpose of each VIE, and whether its involvement reflected a controlling financial interest that resulted in the Company being deemed the primary beneficiary of the VIEs. In determining whether the Company would be considered the primary beneficiary, the following factors were assessed:

- whether the Company has both the power to direct the activities that most significantly impact the economic performance of the VIE; and
- whether the Company has a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE.

The Company owns 100% of RBDHC. RBDHC owns 50% of KRVI, a limited liability company that owns developed land and residential homes under development in Kiawah Island, SC, for which RiverBanc, a wholly-owned subsidiary of the Company, is the manager. The Company has evaluated KRVI to determine if it is a VIE and if so, whether the Company is the primary beneficiary requiring consolidation. The Company has determined that KRVI is a VIE for which RBDHC is the primary beneficiary as the Company, collectively through its wholly-owned subsidiaries, RiverBanc and RBDHC, has both the power to direct the activities that most significantly impact the economic performance of KRVI and has a right to receive benefits or absorb losses of KRVI that could be potentially significant to KRVI. Accordingly, the Company has consolidated KRVI in its consolidated financial statements with a non-controlling interest for the third-party ownership of KRVI membership interests.

In March 2017, the Company reconsidered its evaluation of its variable interests in Riverchase Landing and The Clusters, two VIEs that each owned a multi-family apartment community and in each of which the Company held a preferred equity investment. The Company determined that it gained the power to direct the activities, and became primary beneficiary, of Riverchase Landing and The Clusters and consolidated them in its consolidated financial statements. In March 2018, Riverchase Landing completed the sale of its multi-family apartment community and redeemed the Company’s preferred equity investment. Also, in February 2019, The Clusters completed the sale of its multi-family apartment community and redeemed the Company’s preferred equity investment. The Company de-consolidated Riverchase Landing and The Clusters as of the date of each property’s sale. Prior to the sale of the respective properties, the Company did not have any claims to the assets or obligations for the liabilities of Riverchase Landing and The Clusters (other than the preferred equity investments held by the Company).

The following table presents a summary of the assets and liabilities of the Company’s residential mortgage loan securitizations, the Consolidated K-Series, Consolidated SLST, and KRVI of as of December 31, 2019 (dollar amounts in thousands). Intercompany balances have been eliminated for purposes of this presentation.

	Financing VIE	Other VIEs			
	Residential Mortgage Loan Securitizations	Consolidated K-Series	Consolidated SLST	Other	Total
Cash and cash equivalents	$ —	$ —	$ —	$ 107	$ 107
Residential mortgage loans held in securitization trusts, net	44,030	—	—	—	44,030
Residential mortgage loans held in securitization trust, at fair value	—	—	1,328,886	—	1,328,886
Multi-family loans held in securitization trusts, at fair value	—	17,816,746	—	—	17,816,746
Receivables and other assets	1,328	59,417	5,244	14,626	80,615
Total assets	$ 45,358	$ 17,876,163	$ 1,334,130	$ 14,733	$ 19,270,384
Residential collateralized debt obligations	$ 40,429	$ —	$ —	$ —	$ 40,429
Residential collateralized debt obligations, at fair value	—	—	1,052,829	—	1,052,829
Multi-family collateralized debt obligations, at fair value	—	16,724,451	—	—	16,724,451
Accrued expenses and other liabilities	14	57,873	2,643	75	60,605
Total liabilities	$ 40,443	$ 16,782,324	$ 1,055,472	$ 75	$ 17,878,314

The following table presents a summary of the assets and liabilities of the Financing VIEs, the Consolidated K-Series, KRVI, and The Clusters as of December 31, 2018 (dollar amounts in thousands):

	Financing VIEs			Other VIEs		
	Multi-family CMBS re-securitization[1]	Distressed Residential Mortgage Loan Securitization[2]	Residential Mortgage Loan Securitizations	Consolidated K-Series[3]	Other	Total
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ 708	$ 708
Investment securities available for sale, at fair value held in securitization trusts	52,700	—	—	—	—	52,700
Residential mortgage loans held in securitization trusts, net	—	—	56,795	—	—	56,795
Distressed residential mortgage loans held in securitization trusts, net	—	88,096	—	—	—	88,096
Multi-family loans held in securitization trusts, at fair value	1,107,071	—	—	10,572,776	—	11,679,847
Real estate held for sale in consolidated variable interest entities	—	—	—	—	29,704	29,704
Receivables and other assets	4,243	10,287	1,061	37,679	23,254	76,524
Total assets	$ 1,164,014	$ 98,383	$ 57,856	$ 10,610,455	$ 53,666	$ 11,984,374
Residential collateralized debt obligations	$ —	$ —	$ 53,040	$ —	$ —	$ 53,040
Multi-family collateralized debt obligations, at fair value	1,036,604	—	—	9,985,644	—	11,022,248
Securitized debt	30,121	12,214	—	—	—	42,335
Mortgages and notes payable in consolidated variable interest entities	—	—	—	—	31,227	31,227
Accrued expenses and other liabilities	4,228	444	26	37,022	1,166	42,886
Total liabilities	$ 1,070,953	$ 12,658	$ 53,066	$ 10,022,666	$ 32,393	$ 11,191,736

(1) The Company classified the multi-family CMBS issued by two securitizations and held by this Financing VIE as available for sale securities. The Financing VIE consolidated one securitization trust included in the Consolidated K-Series that issued certain of the multi-family CMBS owned by the Company, including its assets, liabilities, income and expenses, in its financial statements, as based on a number of factors, the Company determined that it was the primary beneficiary and has a controlling financial interest in this particular K-Series securitization (*see Note 6*).

(2) The Company engaged in this transaction for the purpose of financing certain distressed residential mortgage loans acquired by the Company. The distressed residential mortgage loans serving as collateral for the financing are comprised of re-performing and, to a lesser extent, non-performing and other delinquent mortgage loans secured by first liens on one- to four- family properties. Balances as of December 31, 2018 are related to a securitization transaction that closed in April 2016 that involved the issuance of $177.5 million of Class A Notes representing the beneficial ownership in a pool of re-performing seasoned mortgage loans. The Company held 5% of the Class A Notes issued as part of the securitization transaction, which were eliminated in consolidation.

(3) Eight of the securitizations included in the Consolidated K-Series were not held in a Financing VIE as of December 31, 2018.

As of December 31, 2019, the Company had no Securitized Debt outstanding. The following table summarizes the Company's Securitized Debt collateralized by multi-family CMBS or distressed residential mortgage loans as of December 31, 2018 (dollar amounts in thousands):

	Multi-family CMBS Re-securitization[1]	Distressed Residential Mortgage Loan Securitizations
Principal Amount at December 31, 2018	$ 33,177	$ 12,381
Carrying Value at December 31, 2018[2]	$ 30,121	$ 12,214
Pass-through rate of Notes issued	5.35%	4.00%

(1) The Company engaged in the re-securitization transaction primarily for the purpose of obtaining non-recourse financing on a portion of its multi-family CMBS portfolio. As a result of engaging in this transaction, the Company remained economically exposed to the first loss position on the underlying multi-family CMBS transferred to the Consolidated VIE.

(2) Presented net of unamortized deferred costs of $0.2 million related to the issuance of the securitized debt, which included underwriting, rating agency, legal, accounting and other fees.

The following table presents contractual maturity information about the Financing VIEs' securitized debt as of December 31, 2018 (dollar amounts in thousands):

Scheduled Maturity (principal amount)	December 31, 2018
Within 24 months	$ 12,381
Over 24 months to 36 months	—
Over 36 months	33,177
Total	45,558
Discount	(2,983)
Debt issuance cost	(240)
Carrying value	$ 42,335

Residential Mortgage Loan Securitization Transaction

The Company has completed four residential mortgage loan securitizations (other than the distressed residential mortgage loan securitizations discussed above) since inception; the first three were accounted for as permanent financings and have been included in the Company's accompanying consolidated financial statements. The fourth was accounted for as a sale and, accordingly, is not included in the Company's accompanying consolidated financial statements.

Unconsolidated VIEs

As of December 31, 2019, the Company evaluated its investment securities available for sale, preferred equity, mezzanine loan and other equity investments to determine whether they are VIEs and should be consolidated by the Company. Based on a number of factors, the Company determined that, as of December 31, 2019, it does not have a controlling financial interest and is not the primary beneficiary of these VIEs. As of December 31, 2018, the Company evaluated its multi-family CMBS investments in two Freddie Mac-sponsored multi-family loan K-Series securitizations and its investment securities available for sale, preferred equity, mezzanine loan and other equity investments to determine whether they are VIEs and should be consolidated by the Company. Based on a number of factors, the Company determined that, as of December 31, 2018, except for The Clusters, it does not have a controlling financial interest and is not the primary beneficiary of these VIEs. The following tables present the classification and carrying value of unconsolidated VIEs as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019			
	Investment securities available for sale, at fair value	Preferred equity and mezzanine loan investments	Investments in unconsolidated entities	Total
ABS	$ 49,214	$ —	$ —	$ 49,214
Preferred equity investments in multi-family properties	—	173,825	106,083	279,908
Mezzanine loans on multi-family properties	—	6,220	—	6,220
Equity investments in entities that invest in residential properties and loans	—	—	65,572	65,572
Total assets	$ 49,214	$ 180,045	$ 171,655	$ 400,914

	December 31, 2018				
	Investment securities available for sale, at fair value, held in re-securitization trusts	Receivables and other assets	Preferred equity and mezzanine loan investments	Investments in unconsolidated entities	Total
Multi-family CMBS	$ 52,700	$ 72	$ —	$ —	$ 52,772
Preferred equity investments in multi-family properties	—	—	154,629	40,472	195,101
Mezzanine loans on multi-family properties	—	—	10,926	—	10,926
Equity investments in entities that invest in residential properties	—	—	—	10,954	10,954
Total assets	$ 52,700	$ 72	$ 165,555	$ 51,426	$ 269,753

Our maximum loss exposure on the investment securities available for sale, preferred equity and mezzanine loan investments, and investments in unconsolidated entities is approximately $400.9 million at December 31, 2019. Our maximum loss exposure on the investment securities available for sale, held in re-securitization trusts, preferred equity and mezzanine loan investments, and investments in unconsolidated entities was approximately $269.8 million at December 31, 2018. The Company's maximum exposure does not exceed the carrying value of its investments.

10. Real Estate Held for Sale in Consolidated VIEs

In March 2017, the Company determined that it became the primary beneficiary of Riverchase Landing and The Clusters, two VIEs that each owned a multi-family apartment community and in each of which the Company held a preferred equity investment. Accordingly, the Company consolidated both Riverchase Landing and The Clusters into its consolidated financial statements (*see Note 9).*

During the second quarter of 2017, Riverchase Landing determined to actively market its multi-family apartment community for sale and completed the sale in March 2018, recognizing a net gain on sale of approximately $2.3 million, which is included in other income and is allocated to net income attributable to non-controlling interest in consolidated variable interest entities on the accompanying consolidated statements of operations. In connection with the sale, the Company's preferred equity investment was redeemed, resulting in de-consolidation of Riverchase Landing as of the date of the sale.

During the third quarter of 2017, The Clusters determined to actively market its multi-family apartment community for sale and completed the sale in February 2019, recognizing a net gain on sale of approximately $1.6 million, which is included in other income and is allocated to net income attributable to non-controlling interest in consolidated variable interest entities on the accompanying consolidated statements of operations. In connection with the sale, the Company's preferred equity investment was redeemed, resulting in de-consolidation of The Clusters as of the date of the sale.

As of December 31, 2019, there is no real estate held for sale in consolidated variable interest entities. The following is a summary of the real estate held for sale in consolidated variable interest entities as of December 31, 2018 (dollar amounts in thousands):

	December 31, 2018
Land	$ 2,650
Building and improvements	26,032
Furniture, fixtures and equipment	974
Lease intangible	2,802
Real estate held for sale before accumulated depreciation and amortization	32,458
Accumulated depreciation [1]	(418)
Accumulated amortization of lease intangible [1]	(2,336)
Real estate held for sale in consolidated variable interest entities	$ 29,704

(1) There were no depreciation and amortization expenses for the years ended December 31, 2019 and 2018. Depreciation and amortization expenses for the year ended December 31, 2017 totaled $0.6 million and $3.1 million, respectively.

No gain or loss was recognized by the Company or allocated to non-controlling interests related to the initial classification of the real estate assets as held for sale during the year ended December 31, 2017.

11. Derivative Instruments and Hedging Activities

The Company enters into derivative instruments in connection with its risk management activities. These derivative instruments may include interest rate swaps, swaptions, futures and options on futures. The Company may also purchase or sell "To-Be-Announced," or TBAs, purchase options on U.S. Treasury futures or invest in other types of mortgage derivative securities. The Company's derivative instruments are currently comprised of interest rate swaps, which are designated as trading instruments.

Derivatives Not Designated as Hedging Instruments

The following table presents the fair value of derivative instruments and their location in our consolidated balance sheets at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

Type of Derivative Instrument	Balance Sheet Location	December 31, 2019	December 31, 2018
Interest rate swaps [1]	Derivative assets	$ 15,878	$ 10,263

(1) All of the Company's interest rate swaps outstanding are cleared through a central clearing house. The Company exchanges variation margin for swaps based upon daily changes in fair value. As a result of amendments to rules governing certain central clearing activities, the exchange of variation margin is treated as a legal settlement of the exposure under the swap contract. Previously, such payments were treated as cash collateral pledged against the exposure under the swap contract. Accordingly, the Company accounted for the receipt or payment of variation margin as a direct reduction to or increase of the carrying value of the interest rate swap asset or liability on the Company's consolidated balance sheets. Includes $29.0 million of derivative liabilities netted against a variation margin of $44.8 million at December 31, 2019. Includes $1.8 million of derivative assets and variation margin of $8.5 million at December 31, 2018.

The tables below summarize the activity of derivative instruments not designated as hedges for the years ended December 31, 2019 and 2018, respectively (dollar amounts in thousands).

	Notional Amount For the Year Ended December 31, 2019			
Type of Derivative Instrument	December 31, 2018	Additions	Settlement, Expiration or Exercise	December 31, 2019
Interest rate swaps	$ 495,500	$ —	$ —	$ 495,500

	Notional Amount For the Year Ended December 31, 2018			
Type of Derivative Instrument	December 31, 2017	Additions	Settlement, Expiration or Exercise	December 31, 2018
Interest rate swaps	$ 345,500	$ 150,000	$ —	$ 495,500

The following table presents the components of realized gains (losses), net and unrealized gains (losses), net related to our derivative instruments that were not designated as hedging instruments included in the non-interest income category in our consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017, respectively (dollar amounts in thousands):

	Years Ended December 31,					
	2019		2018		2017	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
TBA	$ —	$ —	$ —	$ —	$ 2,511	$ (141)
Eurodollar futures	—	—	—	—	1,379	(1,175)
Interest rate swaps	—	(30,722)	—	909	(218)	1,231
Swaptions	—	—	—	—	—	274
U.S. Treasury and interest rate swap futures and options	—	—	—	—	267	(337)
Total	$ —	$ (30,722)	$ —	$ 909	$ 3,939	$ (148)

Derivatives Designated as Hedging Instruments

As of December 31, 2019 and 2018, there were no derivative instruments designated as hedging instruments. Certain of the Company's interest rate swaps outstanding during the year ended December 31, 2017 to hedge the variable cash flows associated with borrowings made under our variable rate borrowings were designated as cash flow hedges. There were no costs incurred at the inception of these interest rate swaps, under which the Company agreed to pay a fixed rate of interest and receive a variable interest rate based on one month LIBOR, on the notional amount of the interest rate swaps. As of October 31, 2017, there were no outstanding derivatives designated as cash flow hedges.

The Company documented its risk-management policies, including objectives and strategies, as they related to its hedging activities, and upon entering into hedging transactions, documented the relationship between the hedging instrument and the hedged liability contemporaneously. The Company assessed, both at inception of a hedge and on an on-going basis, whether or not the hedge was "highly effective" when using the matched term basis.

The Company discontinued hedge accounting on a prospective basis and recognized changes in the fair value through earnings when: (i) it was determined that the derivative was no longer effective in offsetting cash flows of a hedged item (including forecasted transactions); (ii) it was no longer probable that the forecasted transaction would occur; or (iii) it was determined that designating the derivative as a hedge was no longer appropriate. The Company's derivative instruments were carried on the Company's balance sheets at fair value, as assets, if their fair value was positive, or as liabilities, if their fair value was negative. For the Company's derivative instruments that were designated as "cash flow hedges," changes in their fair value were recorded in accumulated other comprehensive income (loss), provided that the hedges were effective. A change in fair value for any ineffective amount of the Company's derivative instruments would have been recognized in earnings. The Company did not recognize any change in the value of its existing derivative instruments designated as cash flow hedges through earnings as a result of ineffectiveness of any of its hedges.

The following table presents the impact of the Company's interest rate swaps designated as hedging instruments on the Company's accumulated other comprehensive income (loss) for the year ended December 31, 2017 (dollar amounts in thousands):

	Year Ended December 31,
	2017
Accumulated other comprehensive income (loss) for derivative instruments:	
Balance at beginning of the period	$ 102
Unrealized loss on interest rate swaps	(102)
Balance at end of the period	$ —

The following table details the impact of the Company's interest rate swaps designated as hedging instruments included in interest income or expense for the year ended December 31, 2017 (dollar amounts in thousands):

	Year Ended December 31, 2017
Interest Rate Swaps:	
Interest income-investment securities	$ 267
Interest expense-investment securities	—

Outstanding Derivatives

The following table presents information about our interest rate swaps whereby we receive floating rate payments in exchange for fixed rate payments as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31, 2019			December 31, 2018		
Swap Maturities	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate
2024	$ 98,000	2.18%	1.98%	$ 98,000	2.18%	2.45%
2027	247,500	2.39%	1.94%	247,500	2.39%	2.53%
2028	150,000	3.23%	1.92%	150,000	3.23%	2.53%
Total	$ 495,500	2.60%	1.95%	$ 495,500	2.60%	2.52%

The use of derivatives exposes the Company to counterparty credit risks in the event of a default by a counterparty. If a counterparty defaults under the applicable derivative agreement, the Company may be unable to collect payments to which it is entitled under its derivative agreements and may have difficulty collecting the assets it pledged as collateral against such derivatives. Currently, all of the Company's interest rate swaps outstanding are cleared through CME Group Inc. ("CME Clearing") which is the parent company of the Chicago Mercantile Exchange Inc. CME Clearing serves as the counterparty to every cleared transaction, becoming the buyer to each seller and the seller to each buyer, limiting the credit risk by guaranteeing the financial performance of both parties and netting down exposures.

12. Repurchase Agreements

Investment Securities

The Company has entered into repurchase agreements with third party financial institutions to finance its investment securities portfolio. These repurchase agreements are short-term borrowings that bear interest rates typically based on a spread to LIBOR and are secured by the investment securities which they finance.

The following table presents detailed information about the Company's borrowings under repurchase agreements secured by investment securities and associated assets pledged as collateral at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	December 31,					
	2019			2018		
	Outstanding Borrowings	Fair Value of Collateral Pledged	Amortized Cost Of Collateral Pledged	Outstanding Borrowings	Fair Value of Collateral Pledged	Amortized Cost Of Collateral Pledged
Agency RMBS [1]	$ 812,742	$ 865,765	$ 864,428	$ 925,230	$ 978,357	$ 1,014,284
Agency CMBS [2]	133,184	139,317	140,118	—	—	—
Non-Agency RMBS [3]	594,286	797,784	785,952	88,730	117,958	118,414
CMBS [4]	811,890	1,036,513	853,043	529,617	687,876	539,788
Balance at end of the period	$ 2,352,102	$ 2,839,379	$ 2,643,541	$ 1,543,577	$ 1,784,191	$ 1,672,486

(1) Includes senior RMBS securities with a fair value amounting to $26.2 million included in Consolidated SLST as of December 31, 2019.
(2) Includes senior CMBS securities with a fair value amounting to $88.4 million included in the Consolidated K-Series as of December 31, 2019.
(3) Includes first loss subordinated RMBS securities with a fair value amounting to $214.8 million included in Consolidated SLST as of December 31, 2019.
(4) Includes first loss PO, IO and mezzanine CMBS securities with a fair value amounting to $848.2 million and $543.0 million included in the Consolidated K-Series as of December 31, 2019 and 2018, respectively.

As of December 31, 2019 and 2018, the average days to maturity and the weighted average interest rate for repurchase agreements secured by investment securities were 73 days and 62 days, respectively and 2.72% and 3.41%, respectively. The Company's accrued interest payable on outstanding financing arrangements secured by investment securities at December 31, 2019 and 2018 amounts to $8.8 million and $3.9 million, respectively, and is included in accrued expenses and other liabilities on the Company's consolidated balance sheets.

The following table presents contractual maturity information about the Company's outstanding repurchase agreements secured by investment securities at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

Contractual Maturity	December 31, 2019	December 31, 2018
Within 30 days	$ 449,474	$ 732,051
Over 30 days to 90 days	1,647,683	677,906
Over 90 days	254,945	133,620
Total	$ 2,352,102	$ 1,543,577

As of December 31, 2019, the outstanding balance under our repurchase agreements secured by investment securities was funded at a weighted average advance rate of 85.1% that implies an average haircut of 14.9%. As of December 31, 2019, the weighted average "haircut" related to our repurchase agreement financing for our Agency RMBS, Agency CMBS, non-Agency RMBS, and CMBS was approximately 5%, 5%, 25%, and 19%, respectively.

In the event we are unable to obtain sufficient short-term financing through existing repurchase agreements, or our lenders start to require additional collateral, we may have to liquidate our investment securities at a disadvantageous time, which could result in losses. Any losses resulting from the disposition of our investment securities in this manner could have a material adverse effect on our operating results and net profitability. At December 31, 2019 and 2018, the Company had financing arrangements with fourteen and eleven counterparties, respectively. As of December 31, 2019, the Company had no exposure where the amount at risk was in excess of 5% of the Company's stockholders' equity. As of December 31, 2018 the Company's only exposure where the amount at risk was in excess of 5% was to Jefferies & Company, Inc. at 5.04%.

As of December 31, 2019, the Company had assets available to be posted as margin which included liquid assets, such as unrestricted cash and cash equivalents, and unencumbered securities that could be monetized to pay down or collateralize a liability immediately. The Company had $118.8 million in cash and cash equivalents and $535.8 million in unencumbered investment securities to meet additional haircuts or market valuation requirements, which collectively represent 27.8% of our outstanding repurchase agreements secured by investment securities. The following table presents information about the Company's unencumbered investment securities at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

Unencumbered Securities	**December 31, 2019**	**December 31, 2018**
Agency RMBS	$ 83,351	$ 59,372
CMBS	235,199	107,040
Non-Agency RMBS	168,063	96,081
ABS	49,214	—
Total	$ 535,827	$ 262,493

Distressed and Other Residential Mortgage Loans

The Company has master repurchase agreements with third party financial institutions to fund the purchase of distressed and other residential mortgage loans, including both first and second mortgages. The following table presents detailed information about the Company's borrowings under these repurchase agreements and associated distressed and other residential mortgage loans pledged as collateral at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

	Maximum Aggregate Uncommitted Principal Amount	**Outstanding Repurchase Agreements**	**Carrying Value of Loans Pledged (1)**	**Weighted Average Rate**	**Weighted Average Months to Maturity**
December 31, 2019	$ 1,200,000	$ 754,132	$ 961,749	3.67%	11.20
December 31, 2018	$ 950,000	$ 589,148	$ 754,352	4.67%	9.24

(1) Includes distressed and other residential mortgage loans at fair value of $881.2 million and $626.2 million and distressed and other residential mortgage loans, net of $80.6 million and $128.1 million at December 31, 2019 and 2018, respectively.

During the terms of the master repurchase agreements, proceeds from the distressed and other residential mortgage loans will be applied to pay any price differential and to reduce the aggregate repurchase price of the collateral. The financings under the master repurchase agreements are subject to margin calls to the extent the market value of the distressed and other residential mortgage loans falls below specified levels and repurchase may be accelerated upon an event of default under the master repurchase agreements. The master repurchase agreements contain various covenants, including among other things, the maintenance of certain amounts of liquidity, market capitalization, and total stockholders' equity. The Company is in compliance with such covenants as of February 28, 2020. The Company expects to roll outstanding borrowings under these master repurchase agreements into new repurchase agreements or other financings prior to or at maturity.

Costs related to the establishment of the repurchase agreements which include commitment, underwriting, legal, accounting and other fees are reflected as deferred charges. Such costs are presented as a deduction from the corresponding debt liability on the Company's accompanying consolidated balance sheets in the amount of $0.8 million as of December 31, 2019 and $1.2 million as of December 31, 2018. These deferred charges are amortized as an adjustment to interest expense using the effective interest method, or straight line-method, if the result is not materially different.

13. Debt

Residential Collateralized Debt Obligations

The Company’s Residential CDOs, which are recorded as liabilities on the Company’s consolidated balance sheets, are secured by ARM loans pledged as collateral, which are recorded as assets of the Company. Pledged assets of $44.0 million and $56.8 million are included in distressed and other residential mortgage loans, net in the Company’s consolidated balance sheets as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the Company had Residential CDOs outstanding of $40.4 million and $53.0 million, respectively. As of December 31, 2019 and 2018, the current weighted average interest rate on these Residential CDOs was 2.41% and 3.12%, respectively. The Residential CDOs are collateralized by ARM loans with a principal balance of $47.2 million and $60.2 million at December 31, 2019 and 2018, respectively. The Company retained the owner trust certificates, or residual interest, for three securitizations, and, as of December 31, 2019 and 2018, had a net investment in the residential securitization trusts of $4.9 million and $4.8 million, respectively. The Residential CDOs are non-recourse debt for which the Company has no obligation.

Convertible Notes

On January 23, 2017, the Company issued $138.0 million aggregate principal amount of its Convertible Notes in an underwritten public offering. The net proceeds to the Company from the sale of the Convertible Notes, after deducting the underwriter's discounts, commissions and offering expenses, were approximately $127.0 million with the total cost to the Company of approximately 8.24%. Costs related to the issuance of the Convertible Notes which include underwriting, legal, accounting and other fees, are reflected as deferred charges. The underwriter’s discount and deferred charges, net of amortization, are presented as a deduction from the corresponding debt liability on the Company’s accompanying consolidated balance sheets in the amount of $5.0 million and $7.2 million as of December 31, 2019 and 2018, respectively. The underwriter’s discount and deferred charges are amortized as an adjustment to interest expense using the effective interest method.

The Convertible Notes were issued at 96% of the principal amount, bear interest at a rate equal to 6.25% per year, payable semi-annually in arrears on January 15 and July 15 of each year, and are expected to mature on January 15, 2022, unless earlier converted or repurchased. The Company does not have the right to redeem the Convertible Notes prior to maturity and no sinking fund is provided for the Convertible Notes. Holders of the Convertible Notes will be permitted to convert their Convertible Notes into shares of the Company’s common stock at any time prior to the close of business on the business day immediately preceding January 15, 2022. The conversion rate for the Convertible Notes, which is subject to adjustment upon the occurrence of certain specified events, initially equals 142.7144 shares of the Company’s common stock per $1,000 principal amount of Convertible Notes, which is equivalent to a conversion price of approximately $7.01 per share of the Company’s common stock, based on a $1,000 principal amount of the Convertible Notes. The Convertible Notes are senior unsecured obligations of the Company that rank senior in right of payment to the Company’s subordinated debentures and any of its other indebtedness that is expressly subordinated in right of payment to the Convertible Notes.

During the year ended December 31, 2019, none of the Convertible Notes were converted. As of February 28, 2020, the Company has not been notified, and is not aware, of any event of default under the covenants for the Convertible Notes.

Subordinated Debentures

Subordinated debentures are trust preferred securities that are fully guaranteed by the Company with respect to distributions and amounts payable upon liquidation, redemption or repayment. The following table summarizes the key details of the Company’s subordinated debentures as of December 31, 2019 and 2018 (dollar amounts in thousands):

	NYM Preferred Trust I	NYM Preferred Trust II
Principal value of trust preferred securities	$ 25,000	$ 20,000
Interest rate	Three month LIBOR plus 3.75%, resetting quarterly	Three month LIBOR plus 3.95%, resetting quarterly
Scheduled maturity	March 30, 2035	October 30, 2035

As of February 28, 2020, the Company has not been notified, and is not aware, of any event of default under the covenants for the subordinated debentures.

Mortgages and Notes Payable in Consolidated VIEs

In March 2017, the Company consolidated both Riverchase Landing and The Clusters into its consolidated financial statements (*see Note 9)*. In March 2018, Riverchase Landing completed the sale of its multi-family apartment community and redeemed the Company's preferred equity investment. The Company de-consolidated Riverchase Landing as of the date of the sale. In February 2019, The Clusters completed the sale of its multi-family apartment community and redeemed the Company's preferred equity investment. The Company de-consolidated The Clusters as of the date of the sale. The Clusters' real estate investment was subject to a mortgage payable as of December 31, 2018, and the Company had no obligation for this liability as of December 31, 2018.

The Company also consolidates KRVI into its consolidated financial statements (*see Note 9*). KRVI's real estate under development was subject to a note payable as of December 31, 2018 that was paid off on November 20, 2019.

As of December 31, 2019, maturities for debt on the Company's consolidated balance sheet are as follows (dollar amounts in thousands):

Year Ending December 31,		**Total**
2020	$	—
2021		—
2022		138,000
2023		—
2024		—
Thereafter		85,621
Total	$	223,621

14. Commitments and Contingencies

Loans Sold to Third Parties – In the normal course of business, the Company is obligated to repurchase loans based on violations of representations and warranties in its loan sale agreements. The Company did not repurchase any loans during the three years ended December 31, 2019.

Outstanding Litigation – The Company is at times subject to various legal proceedings arising in the ordinary course of business. As of December 31, 2019, the Company does not believe that any of its current legal proceedings, individually or in the aggregate, will have a material adverse effect on the Company's operations, financial condition or cash flows.

Leases – As of December 31, 2019, the Company has entered into multi-year lease agreements for office space accounted for as non-cancelable operating leases. Total property lease expense on these leases for the years ended December 31, 2019, 2018, and 2017 amounted to $1.2 million, $0.4 million, and $0.3 million, respectively. The leases are secured by cash deposits in the amount of $0.7 million.

As of December 31, 2019, obligations under non-cancelable operating leases are as follows (dollar amounts in thousands):

Year Ending December 31,		
2020	$	1,595
2021		1,710
2022		1,721
2023		1,732
2024		1,548
Thereafter		6,699
Total	$	15,005

15. Fair Value of Financial Instruments

The Company has established and documented processes for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, then fair value is based upon internally developed models that primarily use inputs that are market-based or independently-sourced market parameters, including interest rate yield curves.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following describes the valuation methodologies used for the Company's financial instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

a. *Investment Securities, Available for Sale* – The Company determines the fair value of the investment securities in our portfolio, except the CMBS held in re-securitization trusts, using a third-party pricing service or quoted prices provided by dealers who make markets in similar financial instruments. Dealer valuations typically incorporate common market pricing methods, including a spread measurement to the Treasury curve or interest rate swap curve as well as underlying characteristics of the particular security including coupon, periodic and life caps, collateral type, rate reset period and seasoning or age of the security. If quoted prices for a security are not reasonably available from a dealer, the security will be classified as a Level 3 security and, as a result, management will determine fair value by modeling the security based on its specific characteristics and available market information. The Company's investment securities, except the CMBS held in re-securitization trusts, are valued based upon readily observable market parameters and are classified as Level 2 fair values.

The Company's CMBS held in re-securitization trusts at December 31, 2018 were comprised of first loss POs and certain IOs for which there were not substantially similar securities that traded frequently. The Company classified these securities as Level 3 fair values. Fair value of the Company's CMBS investments held in re-securitization trusts was based on an internal valuation model that considered expected cash flows from the underlying loans and yields required by market participants. The significant unobservable inputs used in the measurement of these investments were projected losses of certain identified loans within the pool of loans and a discount rate. The discount rate used in determining fair value incorporated default rate, loss severity and current market interest rates. The discount rate ranged from 4.5% to 9.5% as of December 31, 2018. Significant increases or decreases in these inputs would result in a significantly lower or higher fair value measurement.

b. *Multi-Family Loans and Residential Mortgage Loans Held in Securitization Trusts, at fair value* – Multi-family and residential mortgage loans held in securitization trusts are carried at fair value and classified as Level 3 fair values. In accordance with the practical expedient in ASC 810, the Company determines the fair value of multi-family and residential mortgage loans held in securitization trusts based on the fair value of its Multi-Family CDOs and SLST CDOs and its retained interests from these securitizations (eliminated in consolidation in accordance with GAAP), as the fair value of these instruments is more observable.

c. *Residential Mortgage Loans* – Certain of the Company's acquired distressed and other residential mortgage loans are recorded at fair value and classified as Level 3 in the fair value hierarchy. The fair value for distressed and other residential mortgage loans is determined using valuations obtained from a third party that specializes in providing valuations of residential mortgage loans. The valuation approach depends on whether the residential mortgage loan is considered performing, re-performing or non-performing at the date the valuation is performed.

For performing and re-performing loans, estimates of fair value are derived using a discounted cash flow model, where estimates of cash flows are determined from scheduled payments for each loan, adjusted using forecast prepayment rates, default rates and rates for loss upon default. For non-performing loans, asset liquidation cash flows are derived based on the estimated time to liquidate the loan, expected liquidation costs and home price appreciation. The discount rate used in determining fair value for distressed and other residential mortgage loans ranges from 3.8% to 16.1%.

d. *Derivative Instruments* – The Company's derivative instruments are classified as Level 2 fair values and are measured using valuations reported by the clearing house, CME Clearing, through which these instruments were cleared. The derivatives are presented net of variation margin payments pledged or received.

e. *Investments in Unconsolidated Entities* – Fair value for investments in unconsolidated entities is determined either by a valuation model using assumptions for the timing and amount of expected future cash flow for income and realization events for the underlying assets and a discount rate or the valuation process for residential mortgage loans as described in *c*. above. These fair value measurements are generally based on unobservable inputs and, as such, are classified as Level 3 in the fair value hierarchy.

f. *Multi-Family and Residential Collateral Debt Obligations, at fair value* – Multi-Family CDOs and SLST CDOs are classified as Level 3 fair values. The fair value of Multi-Family CDOs and SLST CDOs is determined using a third-party pricing service or are based on quoted prices provided by dealers who make markets in similar financial instruments. The dealers will consider contractual cash payments and yields expected by market participants. Dealers also incorporate common market pricing methods, including a spread measurement to the Treasury curve or interest rate swap curve as well as underlying characteristics of the particular security including coupon, periodic and life caps, collateral type, rate reset period and seasoning or age of the security.

Management reviews all prices used in determining fair value to ensure they represent current market conditions. This review includes surveying similar market transactions and comparisons to interest pricing models as well as offerings of like securities by dealers. Any changes to the valuation methodology are reviewed by management to ensure the changes are appropriate. As markets and products develop and the pricing for certain products becomes more transparent, the Company continues to refine its valuation methodologies. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Company uses inputs that are current as of each reporting date, which may include periods of market dislocation, during which time price transparency may be reduced. This condition could cause the Company's financial instruments to be reclassified from Level 2 to Level 3 in future periods.

The following table presents the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2019 and 2018, respectively, on the Company's consolidated balance sheets (dollar amounts in thousands):

	Measured at Fair Value on a Recurring Basis at							
	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets carried at fair value								
Investment securities available for sale, at fair value:								
Agency RMBS	$ —	$ 922,877	$ —	$ 922,877	$ —	$ 1,037,730	$ —	$ 1,037,730
Agency CMBS	—	50,958	—	50,958	—	—	—	—
Non-Agency RMBS	—	715,314	—	715,314	—	214,037	—	214,037
CMBS	—	267,777	—	267,777	—	207,785	52,700	260,485
ABS	—	49,214	—	49,214	—	—	—	—
Multi-family loans held in securitization trusts, at fair value	—	—	17,816,746	17,816,746	—	—	11,679,847	11,679,847
Residential mortgage loans held in securitization trust, at fair value	—	—	1,328,886	1,328,886	—	—	—	—
Distressed and other residential mortgage loans, at fair value	—	—	1,429,754	1,429,754	—	—	737,523	737,523
Derivative Assets:								
Interest rate swaps [1]	—	15,878	—	15,878	—	10,263	—	10,263
Investments in unconsolidated entities	—	—	83,882	83,882	—	—	32,994	32,994
	$ —	$ 2,022,018	$ 20,659,268	$ 22,681,286	$ —	$ 1,469,815	$ 12,503,064	$ 13,972,879
Liabilities carried at fair value								
Multi-family collateralized debt obligations, at fair value	$ —	$ —	$ 16,724,451	$ 16,724,451	$ —	$ —	$ 11,022,248	$ 11,022,248
Residential collateralized debt obligations, at fair value	—	—	1,052,829	1,052,829	—	—	—	—
Total	$ —	$ —	$ 17,777,280	$ 17,777,280	$ —	$ —	$ 11,022,248	$ 11,022,248

(1) All of the Company's interest rate swaps outstanding are cleared through a central clearing house. The Company exchanges variation margin for swaps based upon daily changes in fair value. Includes derivative liabilities of $29.0 million netted against a variation margin of $44.8 million at December 31, 2019. Includes derivative assets of $1.8 million and variation margin of $8.5 million at December 31, 2018.

The following tables detail changes in valuation for the Level 3 assets for the years ended December 31, 2019, 2018, and 2017, respectively (dollar amounts in thousands):

Level 3 Assets:

	Year Ended December 31, 2019					
	Multi-family loans held in securitization trusts	Distressed and other residential mortgage loans	Investments in unconsolidated entities	CMBS held in re-securitization trusts	Residential mortgage loans held in securitization trust	Total
Balance at beginning of period	$ 11,679,847	$ 737,523	$ 32,994	$ 52,700	$ —	$ 12,503,064
Total gains/(losses) (realized/unrealized)						
Included in earnings	533,094	55,459	15,100	17,734	(445)	620,942
Included in other comprehensive income (loss)	—	—	—	(13,665)	—	(13,665)
Transfers out [(1)]	—	(913)	—	—	—	(913)
Contributions	—	—	50,000	—	—	50,000
Paydowns/Distributions	(992,912)	(171,909)	(14,212)	—	(3,729)	(1,182,762)
Charge-off	(3,257)	—	—	—	—	(3,257)
Sales	—	(19,814)	—	(56,769)	—	(76,583)
Purchases [(2)]	6,599,974	829,408	—	—	1,333,060	8,762,442
Balance at the end of period	$ 17,816,746	$ 1,429,754	$ 83,882	$ —	$ 1,328,886	$ 20,659,268

(1) Transfers out of Level 3 assets include the transfer of residential mortgage loans to real estate owned during the year ended December 31, 2019.

(2) During the year ended December 31, 2019, the Company purchased first loss PO securities, and certain IOs and senior or mezzanine CMBS securities issued from securitizations that it determined to consolidate and include in the Consolidated K-Series. Also during the year ended December 31, 2019, the Company purchased first loss subordinated securities, IOs and senior RMBS securities issued from a securitization that it determined to consolidate as Consolidated SLST. As a result, the Company consolidated assets of the respective securitizations (*see Notes 2 and 6*).

	Year Ended December 31, 2018				
	Multi-family loans held in securitization trusts	Distressed and other residential mortgage loans	Investments in unconsolidated entities	CMBS held in re-securitization trusts	Total
Balance at beginning of period	$ 9,657,421	$ 87,153	$ 42,823	$ 47,922	$ 9,835,319
Total (losses)/gains (realized/unrealized)					
Included in earnings	(134,298)	3,913	9,075	3,980	(117,330)
Included in other comprehensive income (loss)	—	—	—	798	798
Transfers out [(1)]	—	(56)	—	—	(56)
Paydowns/Distributions	(137,820)	(24,064)	(18,904)	—	(180,788)
Sales	—	(18,173)	—	—	(18,173)
Purchases [(2)]	2,294,544	688,750	—	—	2,983,294
Balance at the end of period	$ 11,679,847	$ 737,523	$ 32,994	$ 52,700	$ 12,503,064

(1) Transfers out of Level 3 assets include the transfer of residential loans to real estate owned during the year ended December 31, 2018.

(2) During the year ended December 31, 2018, the Company purchased first loss PO securities and certain IOs and mezzanine CMBS securities issued from securitizations that it determined to consolidate and included in the Consolidated K-Series. As a result, the Company consolidated assets of these securitizations (*see Notes 2 and 6*).

	Year Ended December 31, 2017				
	Multi-family loans held in securitization trusts	Distressed and other residential mortgage loans	Investments in unconsolidated entities	CMBS held in re-securitization trusts	Total
Balance at beginning of period	$ 6,939,844	$ 17,769	$ 60,332	$ 43,897	$ 7,061,842
Total (losses)/gains (realized/unrealized)					
Included in earnings	(31,784)	135	10,385	3,423	(17,841)
Included in other comprehensive income (loss)	—	—	—	602	602
Contributions	—	—	2,500	—	2,500
Paydowns/Distributions	(137,164)	(8,479)	(30,394)	—	(176,037)
Sales	—	(7,224)	—	—	(7,224)
Purchases [1]	2,886,525	84,952	—	—	2,971,477
Balance at the end of period	$ 9,657,421	$ 87,153	$ 42,823	$ 47,922	$ 9,835,319

(1) During the year ended December 31, 2017, the Company purchased first loss PO securities and certain IOs and mezzanine CMBS securities issued from securitizations that it determined to consolidate and included in the Consolidated K-Series. As a result, the Company consolidated assets of these securitizations (*see Notes 2 and 6*).

The following tables detail changes in valuation for the Level 3 liabilities for the years ended December 31, 2019, 2018 and 2017, respectively (dollar amounts in thousands):

Level 3 Liabilities:

	Year Ended December 31, 2019		
	Multi-Family CDOs	SLST CDOs	Total
Balance at beginning of period	$ 11,022,248	$ —	$ 11,022,248
Total losses (realized/unrealized)			
Included in earnings	443,796	27	443,823
Purchases [1]	6,253,739	1,055,720	7,309,459
Paydowns	(992,075)	(2,918)	(994,993)
Charge-off	(3,257)	—	(3,257)
Balance at the end of period	$ 16,724,451	$ 1,052,829	$ 17,777,280

(1) During the year ended December 31, 2019, the Company purchased first loss PO securities and certain IOs and senior or mezzanine CMBS securities issued from securitizations that it determined to consolidate and include in the Consolidated K-Series. Also during the year ended December 31, 2019, the Company purchased first loss subordinated securities, IOs and senior RMBS securities issued from a securitization that it determined to consolidate as Consolidated SLST. As a result, the Company consolidated liabilities of the respective securitizations (*see Notes 2 and 6*).

	Year Ended December 31, 2018	
	Multi-Family CDOs	
Balance at beginning of period	$	9,189,459
Total losses (realized/unrealized)		
Included in earnings		(211,738)
Purchases [1]		2,182,330
Paydowns		(137,803)
Balance at the end of period	$	11,022,248

(1) During the year ended December 31, 2018, the Company purchased first loss PO securities and certain IOs and mezzanine CMBS securities issued from securitizations that it determined to consolidate and include in the Consolidated K-Series. As a result, the Company consolidated liabilities of these securitizations (*see Notes 2 and 6*).

	Year Ended December 31, 2017	
	Multi-Family CDOs	
Balance at beginning of period	$	6,624,896
Total losses (realized/unrealized)		
Included in earnings		(82,650)
Purchases [1]		2,784,377
Paydowns		(137,164)
Balance at the end of period	$	9,189,459

(1) During the year ended December 31, 2017, the Company purchased first loss PO securities and certain IOs and mezzanine CMBS securities issued from securitizations that it determined to consolidate and include in the Consolidated K-Series. As a result, the Company consolidated liabilities of these securitizations (*see Notes 2 and 6*).

The following table details the changes in unrealized gains (losses) included in earnings for the years ended December 31, 2019, 2018 and 2017, respectively, for our Level 3 assets and liabilities held as of December 31, 2019, 2018 and 2017, respectively (dollar amounts in thousands):

	Years Ended December 31,					
	2019		2018		2017	
Assets						
Multi-family loans held in securitization trusts, at fair value [1]	$	586,993	$	(85,115)	$	10,021
Residential mortgage loans held in securitization trust, at fair value [1]		300		—		—
Distressed and other residential mortgage loans, at fair value [1]		44,470		4,333		—
Investments in unconsolidated entities [2]		5,374		6,091		3,686
Liabilities						
Multi-family collateralized debt obligations, at fair value [1]	$	(563,031)	$	122,696	$	8,851
Residential collateralized debt obligations, at fair value [1]		(383)		—		—

(1) Presented in unrealized gains (losses), net on the Company’s consolidated statements of operations.
(2) Presented in other income on the Company’s consolidated statements of operations.

The following table presents assets measured at fair value on a non-recurring basis as of December 31, 2019 and 2018, respectively, on the Company's consolidated balance sheets (dollar amounts in thousands):

	Assets Measured at Fair Value on a Non-Recurring Basis at							
	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Residential mortgage loans held in securitization trusts – impaired loans, net	$ —	$ —	$ 5,256	$ 5,256	$ —	$ —	$ 5,921	$ 5,921

The following table presents gains (losses) incurred for assets measured at fair value on a non-recurring basis for the years ended December 31, 2019, 2018 and 2017, respectively, on the Company's consolidated statements of operations (dollar amounts in thousands):

	Years Ended December 31,		
	2019	2018	2017
Residential mortgage loans held in securitization trusts – impaired loans, net	$ (24)	$ (165)	$ (472)
Real estate owned held in residential securitization trusts	—	—	(6)

Residential Mortgage Loans Held in Securitization Trusts – Impaired Loans, net – Impaired residential mortgage loans held in securitization trusts are recorded at amortized cost less specific loan loss reserves. Impaired loan value is based on management's estimate of the net realizable value taking into consideration local market conditions of the property, updated appraisal values of the property and estimated expenses required to remediate the impaired loan.

Real Estate Owned Held in Residential Securitization Trusts – Real estate owned held in the residential securitization trusts were recorded at net realizable value. Any subsequent adjustment resulted in the reduction in carrying value with the corresponding amount charged to earnings. Net realizable value was based on an estimate of disposal taking into consideration local market conditions of the property, updated appraisal values of the property and estimated expenses required to sell the property.

The following table presents the carrying value and estimated fair value of the Company's financial instruments at December 31, 2019 and 2018, respectively (dollar amounts in thousands):

		December 31, 2019		December 31, 2018	
	Fair Value Hierarchy Level	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:					
Cash and cash equivalents	Level 1	$ 118,763	$ 118,763	$ 103,724	$ 103,724
Investment securities, available for sale	Level 2 or 3	2,006,140	2,006,140	1,512,252	1,512,252
Distressed and other residential mortgage loans, at fair value	Level 3	1,429,754	1,429,754	737,523	737,523
Distressed and other residential mortgage loans, net	Level 3	202,756	208,471	285,261	289,376
Investments in unconsolidated entities	Level 3	189,965	191,359	73,466	73,833
Preferred equity and mezzanine loan investments	Level 3	180,045	182,465	165,555	167,739
Multi-family loans held in securitization trusts, at fair value	Level 3	17,816,746	17,816,746	11,679,847	11,679,847
Residential mortgage loans held in securitization trust, at fair value	Level 3	1,328,886	1,328,886	—	—
Derivative assets	Level 2	15,878	15,878	10,263	10,263
Mortgage loans held for sale, net [(1)]	Level 3	2,406	2,482	3,414	3,584
Mortgage loans held for investment [(1)]	Level 3	—	—	1,580	1,580
Financial Liabilities:					
Repurchase agreements	Level 2	3,105,416	3,105,416	2,131,505	2,131,505
Residential collateralized debt obligations	Level 3	40,429	38,888	53,040	50,031
Multi-family collateralized debt obligations, at fair value	Level 3	16,724,451	16,724,451	11,022,248	11,022,248
Residential collateralized debt obligations, at fair value	Level 3	1,052,829	1,052,829	—	—
Securitized debt	Level 3	—	—	42,335	45,030
Subordinated debentures	Level 3	45,000	41,592	45,000	44,897
Convertible notes	Level 2	132,955	140,865	130,762	135,689

(1) Included in receivables and other assets in the accompanying consolidated balance sheets.

In addition to the methodology to determine the fair value of the Company's financial assets and liabilities reported at fair value on a recurring basis and non-recurring basis, as previously described, the following methods and assumptions were used by the Company in arriving at the fair value of the Company's other financial instruments in the table immediately above:

a. *Cash and cash equivalents* – Estimated fair value approximates the carrying value of such assets.

b. *Distressed and other residential mortgage loans, net and Mortgage loans held for sale, net* – The fair value is determined using valuations obtained from a third party that specializes in providing valuations of residential mortgage loans. For performing and re-performing loans, estimates of fair value are derived using a discounted cash flow model, where estimates of cash flows are determined from scheduled payments for each loan, adjusted using forecast prepayment rates, default rates and rates for loss upon default. For non-performing loans, asset liquidation cash flows are derived based on the estimated time to liquidate the loan, expected liquidation costs and home price appreciation.

c. *Preferred equity and mezzanine loan investments* – Estimated fair value is determined by both market comparable pricing and discounted cash flows. The discounted cash flows are based on the underlying contractual cash flows and estimated changes in market yields. The fair value also reflects consideration of changes in credit risk since the origination or time of initial investment.

d. *Repurchase agreements* – The fair value of these repurchase agreements approximates cost as they are short term in nature.

e. *Residential collateralized debt obligations* – The fair value of these CDOs is based on discounted cash flows as well as market pricing on comparable obligations.

f. *Securitized debt* – The fair value of securitized debt was based on discounted cash flows using management's estimate for market yields at December 31, 2018. There was no securitized debt outstanding at December 31, 2019.

g. *Subordinated debentures* – The fair value of these subordinated debentures is based on discounted cash flows using management's estimate for market yields.

h. *Convertible notes* – The fair value is based on quoted prices provided by dealers who make markets in similar financial instruments.

16. Stockholders' Equity

(a) Preferred Stock

The Company had 200,000,000 authorized shares of preferred stock, par value $0.01 per share, with 20,872,888 shares and 12,000,000 shares issued and outstanding as of December 31, 2019 and 2018, respectively.

As of December 31, 2019, the Company has issued four series of cumulative redeemable preferred stock (the "Preferred Stock"): 7.75% Series B Cumulative Redeemable Preferred Stock ("Series B Preferred Stock"), 7.875% Series C Cumulative Redeemable Preferred Stock ("Series C Preferred Stock"), 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series D Preferred Stock") and 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series E Preferred Stock"). Each series of the Preferred Stock is senior to the Company's common stock with respect to dividends and distributions upon liquidation, dissolution or winding up.

In October 2019, the Company issued 6,900,000 shares of Series E Preferred Stock, with a par value of $0.01 per share and a liquidation preference of $25 per share, in an underwritten public offering, for net proceeds of approximately $166.7 million, after deducting underwriting discounts and offering expenses. On November 27, 2019, the Company classified and designated an additional 3,000,000 shares of the Company's authorized but unissued preferred stock as Series E Preferred Stock. On March 28, 2019, the Company classified and designated an additional 2,460,000 shares and 2,650,000 shares of the Company's authorized but unissued preferred stock as Series C Preferred Stock and Series D Preferred Stock, respectively. In October 2017, the Company issued 5,400,000 shares of Series D Preferred Stock, with a par value of $0.01 per share and a liquidation preference of $25 per share, in an underwritten public offering, for net proceeds of approximately $130.5 million, after deducting underwriting discounts and offering expenses.

The following tables summarize the Company's Preferred Stock issued and outstanding as of December 31, 2019 and 2018, respectively (dollar amounts in thousands):

December 31, 2019

Class of Preferred Stock	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Contractual Rate [1]	Redemption Date [2]	Fixed-to-Floating Rate Conversion Date [1][3]	Floating Annual Rate [4]
Fixed Rate								
Series B	6,000,000	3,156,087	$ 76,180	$ 78,902	7.750%	June 4, 2018	N/A	N/A
Series C	6,600,000	4,181,807	101,102	104,545	7.875%	April 22, 2020	N/A	N/A
Fixed-to-Floating Rate								
Series D	8,400,000	6,123,495	148,134	153,087	8.000%	October 15, 2027	October 15, 2027	3M LIBOR + 5.695%
Series E	9,900,000	7,411,499	179,349	185,288	7.875%	January 15, 2025	January 15, 2025	3M LIBOR + 6.429%
Total	30,900,000	20,872,888	$ 504,765	$ 521,822				

December 31, 2018

Class of Preferred Stock	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Contractual Rate [1]	Redemption Date [2]	Fixed-to-Floating Rate Conversion Date [1][3]	Floating Annual Rate [4]
Fixed Rate								
Series B	6,000,000	3,000,000	$ 72,397	$ 75,000	7.750%	June 4, 2018	N/A	N/A
Series C	4,140,000	3,600,000	86,862	90,000	7.875%	April 22, 2020	N/A	N/A
Fixed-to-Floating Rate								
Series D	5,750,000	5,400,000	130,496	135,000	8.000%	October 15, 2027	October 15, 2027	3M LIBOR + 5.695%
Total	15,890,000	12,000,000	$ 289,755	$ 300,000				

(1) Each series of fixed rate preferred stock is entitled to receive a dividend at the contractual rate shown, respectively, per year on its $25 liquidation preference. Each series of fixed-to-floating rate preferred stock is entitled to receive a dividend at the contractual rate shown, respectively, per year on its $25 liquidation preference up to, but excluding, the fixed-to-floating rate conversion date.

(2) Each series of Preferred Stock is not redeemable by the Company prior to the respective redemption date disclosed except under circumstances intended to preserve the Company's qualification as a REIT and except upon occurrence of a Change in Control (as defined in the Articles Supplementary designating the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock, respectively).

(3) Beginning on the respective fixed-to-floating rate conversion date, each of the Series D Preferred Stock and Series E Preferred Stock is entitled to receive a dividend on a floating rate basis according to the terms disclosed in (4) below.

(4) On and after the fixed-to-floating rate conversion date, each of the Series D Preferred Stock and Series E Preferred Stock is entitled to receive a dividend at a floating rate equal to three-month LIBOR plus the respective spread disclosed above per year on its $25 liquidation preference.

For each series of Preferred Stock, on or after the respective redemption date disclosed, the Company may, at its option, redeem the respective series of Preferred Stock in whole or in part, at any time or from time to time, for cash at a redemption price equal to $25.00 per share, plus any accumulated and unpaid dividends. In addition, upon the occurrence of a Change of Control, the Company may, at its option, redeem the Preferred Stock in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends.

The Preferred Stock generally do not have any voting rights, subject to an exception in the event the Company fails to pay dividends on such stock for six or more quarterly periods (whether or not consecutive). Under such circumstances, holders of the Preferred Stock voting together as a single class with the holders of all other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Preferred Stock will be entitled to vote to elect two additional directors to the Company's Board of Directors (the "Board") until all unpaid dividends have been paid or declared and set apart for payment. In addition, certain material and adverse changes to the terms of any series of the Preferred Stock cannot be made without the affirmative vote of holders of at least two-thirds of the outstanding shares of the series of Preferred Stock whose terms are being changed.

The Preferred Stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless repurchased or redeemed by the Company or converted into the Company's common stock in connection with a Change of Control.

Upon the occurrence of a Change of Control, each holder of Preferred Stock will have the right (unless the Company has exercised its right to redeem the Preferred Stock) to convert some or all of the Preferred Stock held by such holder into a number of shares of our common stock per share of the applicable series of Preferred Stock determined by a formula, in each case, on the terms and subject to the conditions described in the applicable Articles Supplementary for such series.

(b) Dividends on Preferred Stock

From the time of original issuance of the Preferred Stock through December 31, 2019, the Company has declared and paid all required quarterly dividends on such series of stock. The following table presents the relevant information with respect to quarterly cash dividends declared on the Series B Preferred Stock and Series C Preferred Stock commencing January 1, 2017 through December 31, 2019 and on each of the Series D Preferred Stock and Series E Preferred Stock from its respective time of original issuance through December 31, 2019:

			Cash Dividend Per Share			
Declaration Date	**Record Date**	**Payment Date**	**Series B Preferred Stock**	**Series C Preferred Stock**	**Series D Preferred Stock**	**Series E Preferred Stock**
December 10, 2019	January 1, 2020	January 15, 2020	$ 0.484375	$ 0.4921875	$ 0.50	$ 0.47578 (2)
September 9, 2019	October 1, 2019	October 15, 2019	0.484375	0.4921875	0.50	—
June 14, 2019	July 1, 2019	July 15, 2019	0.484375	0.4921875	0.50	—
March 19, 2019	April 1, 2019	April 15, 2019	0.484375	0.4921875	0.50	—
December 4, 2018	January 1, 2019	January 15, 2019	0.484375	0.4921875	0.50	—
September 17, 2018	October 1, 2018	October 15, 2018	0.484375	0.4921875	0.50	—
June 18, 2018	July 1, 2018	July 15, 2018	0.484375	0.4921875	0.50	—
March 19, 2018	April 1, 2018	April 15, 2018	0.484375	0.4921875	0.50	—
December 7, 2017	January 1, 2018	January 15, 2018	0.484375	0.4921875	0.51 (1)	—
September 14, 2017	October 1, 2017	October 15, 2017	0.484375	0.4921875	—	—
June 14, 2017	July 1, 2017	July 15, 2017	0.484375	0.4921875	—	—
March 16, 2017	April 1, 2017	April 15, 2017	0.484375	0.4921875	—	—

(1) Cash dividend for the partial quarterly period that began on October 13, 2017 and ended on January 14, 2018.
(2) Cash dividend for the partial quarterly period that began on October 18, 2019 and ended on January 14, 2020.

(c) Dividends on Common Stock

The following table presents cash dividends declared by the Company on its common stock with respect to each of the quarterly periods commencing January 1, 2017 and ended December 31, 2019:

Period	Declaration Date	Record Date	Payment Date	Cash Dividend Per Share
Fourth Quarter 2019	December 10, 2019	December 20, 2019	January 27, 2020	$ 0.20
Third Quarter 2019	September 9, 2019	September 19, 2019	October 25, 2019	0.20
Second Quarter 2019	June 14, 2019	June 24, 2019	July 25, 2019	0.20
First Quarter 2019	March 19, 2019	March 29, 2019	April 25, 2019	0.20
Fourth Quarter 2018	December 4, 2018	December 14, 2018	January 25, 2019	0.20
Third Quarter 2018	September 17, 2018	September 27, 2018	October 26, 2018	0.20
Second Quarter 2018	June 18, 2018	June 28, 2018	July 26, 2018	0.20
First Quarter 2018	March 19, 2018	March 29, 2018	April 26, 2018	0.20
Fourth Quarter 2017	December 7, 2017	December 18, 2017	January 25, 2018	0.20
Third Quarter 2017	September 14, 2017	September 25, 2017	October 25, 2017	0.20
Second Quarter 2017	June 14, 2017	June 26, 2017	July 25, 2017	0.20
First Quarter 2017	March 16, 2017	March 27, 2017	April 25, 2017	0.20

During 2019, dividends for our common stock were $0.80 per share. For tax reporting purposes, the 2019 dividends were classified as ordinary income, capital gain distribution and return of capital in the amounts of $0.42, $0.13 and $0.25, respectively, per share. During 2018, dividends for our common stock were $0.80 per share. For tax reporting purposes, the 2018 dividends were classified as ordinary income, capital gain distribution and return of capital in the amounts of $0.37, $0.12 and $0.31, respectively, per share. During 2017, dividends for our common stock were $0.80 per share. For tax reporting purposes, the 2017 dividends were classified as ordinary income, capital gain distribution and return of capital in the amounts of $0.46, $0.17 and $0.17, respectively, per share.

(d) Public Offering of Common Stock

The following table details the Company's public offerings of common stock during the three years ended December 31, 2019 (dollar amounts in thousands):

Share Issue Month	Shares Issued	Net Proceeds [(1)]
November 2019	28,750,000	$ 172,150
September 2019	28,750,000	173,093
July 2019	23,000,000	137,500
May 2019	20,700,000	123,102
March 2019	17,250,000	101,160
January 2019	14,490,000	83,772
November 2018	14,375,000	85,261
August 2018	14,375,000	85,980

(1) Proceeds are net of underwriting discounts and commissions and offering expenses

(e) Equity Distribution Agreements

On August 10, 2017, the Company entered into an equity distribution agreement (the “Common Equity Distribution Agreement”) with Credit Suisse Securities (USA) LLC (“Credit Suisse”), as sales agent, pursuant to which the Company may offer and sell shares of its common stock, par value $0.01 per share, having a maximum aggregate sales price of up to $100.0 million, from time to time through Credit Suisse. On September 10, 2018, the Company entered into an amendment to the Common Equity Distribution Agreement that increased the maximum aggregate sales price to $177.1 million. The Company has no obligation to sell any of the shares of common stock issuable under the Common Equity Distribution Agreement and may at any time suspend solicitations and offers under the Common Equity Distribution Agreement.

During the year ended December 31, 2019, the Company issued 2,260,200 shares of its common stock under the Common Equity Distribution Agreement, at an average price of $6.12 per share, resulting in total net proceeds to the Company of $13.6 million. During the year ended December 31, 2018, the Company issued 14,588,631 shares of its common stock under the Common Equity Distribution Agreement, at an average sales price of $6.19 per share, resulting in total net proceeds to the Company of $89.0 million. As of December 31, 2019, approximately $72.5 million of common stock remains available for issuance under the Common Equity Distribution Agreement.

On March 29, 2019, the Company entered into an equity distribution agreement (the “Preferred Equity Distribution Agreement”) with JonesTrading Institutional Services LLC, as sales agent, pursuant to which the Company may offer and sell shares of the Company's Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, having a maximum aggregate gross sales price of up to $50.0 million, from time to time through the sales agent. On November 27, 2019, the Company entered into an amendment to the Preferred Equity Distribution Agreement that increased the maximum aggregate sales price to $131.5 million. The amendment also provided for the inclusion of sales of the Company’s Series E Preferred Stock. The Company has no obligation to sell any of the shares of Preferred Stock issuable under the Preferred Equity Distribution Agreement and may at any time suspend solicitations and offers under the Preferred Equity Distribution Agreement.

During the year ended December 31, 2019, the Company issued 1,972,888 shares of Preferred Stock under the Preferred Equity Distribution Agreement, at an average price of $24.88 per share, resulting in total net proceeds to the Company of $48.4 million. As of December 31, 2019, approximately $82.4 million of Preferred Stock remains available for issuance under the Preferred Equity Distribution Agreement.

17. Earnings Per Share

The Company calculates basic earnings per common share by dividing net income attributable to the Company's common stockholders for the period by weighted-average shares of common stock outstanding for that period. Diluted earnings per common share takes into account the effect of dilutive instruments, such as convertible notes and performance stock units, and the number of incremental shares that are to be added to the weighted-average number of shares outstanding.

During the years ended December 31, 2019, 2018 and 2017, the Company's Convertible Notes were determined to be dilutive and were included in the calculation of diluted earnings per common share under the "if-converted" method. Under this method, the periodic interest expense (net of applicable taxes) for dilutive notes is added back to the numerator and the number of shares that the notes are entitled to (if converted, regardless of whether they are in or out of the money) are included in the denominator.

During the years ended December 31, 2019 and 2018, PSUs awarded under the 2017 Plan were determined to be dilutive and were included in the calculation of diluted earnings per common share under the treasury stock method. Under this method, common equivalent shares are calculated assuming that target PSUs vest according to the PSU Agreements and unrecognized compensation cost is used to repurchase shares of the Company's outstanding common stock at the average market price during the reported period. There were no dilutive PSU awards during the year ended December 31, 2017.

The following table presents the computation of basic and diluted earnings per common share for the periods indicated (dollar and share amounts in thousands, except per share amounts):

	Year Ended December 31,		
	2019	2018	2017
Basic Earnings per Common Share			
Net income attributable to Company	$ 173,736	$ 102,886	$ 91,980
Less: Preferred stock dividends	(28,901)	(23,700)	(15,660)
Net income attributable to Company's common stockholders	$ 144,835	$ 79,186	$ 76,320
Basic weighted average common shares outstanding	221,380	127,243	111,836
Basic Earnings per Common Share	$ 0.65	$ 0.62	$ 0.68
Diluted Earnings per Common Share:			
Net income attributable to Company	$ 173,736	$ 102,886	$ 91,980
Less: Preferred stock dividends	(28,901)	(23,700)	(15,660)
Add back: Interest expense on convertible notes for the period, net of tax	10,662	10,475	9,158
Net income attributable to Company's common stockholders	$ 155,497	$ 89,661	$ 85,478
Weighted average common shares outstanding	221,380	127,243	111,836
Net effect of assumed convertible notes conversion to common shares	19,695	19,695	18,507
Net effect of assumed PSUs vested	1,521	512	—
Diluted weighted average common shares outstanding	$ 242,596	$ 147,450	$ 130,343
Diluted Earnings per Common Share	$ 0.64	$ 0.61	$ 0.66

18. Stock Based Compensation

In May 2017, the Company's stockholders approved the 2017 Plan, with such stockholder action resulting in the termination of the Company's 2010 Stock Incentive Plan (the "2010 Plan"). In June 2019, the Company's stockholders approved an amendment to the 2017 Plan to increase the shares reserved under the 2017 Plan by 7,600,000 shares of common stock. The terms of the 2017 Plan are substantially the same as the 2010 Plan. However, any outstanding awards under the 2010 Plan will continue in accordance with the terms of the 2010 Plan and any award agreement executed in connection with such outstanding awards. At December 31, 2019, there are 81,837 common shares of non-vested restricted stock outstanding under the 2010 Plan.

Pursuant to the 2017 Plan, eligible employees, officers and directors of the Company are offered the opportunity to acquire the Company's common stock through the award of restricted stock and other equity awards under the 2017 Plan. The maximum number of shares that may be issued under the 2017 Plan is 13,170,000.

Of the common stock authorized at December 31, 2019, 9,053,166 shares remain available for issuance under the 2017 Plan. The Company's non-employee directors have been issued 228,750 shares under the 2017 Plan as of December 31, 2019. The Company's employees have been issued 827,126 shares of restricted stock under the 2017 Plan as of December 31, 2019. At December 31, 2019, there were 755,286 shares of non-vested restricted stock outstanding and 3,060,958 common shares reserved for issuance in connection with PSUs under the 2017 Plan.

Of the common stock authorized at December 31, 2018, 3,865,174 shares were reserved for issuance under the 2017 Plan. The Company's non-employee directors had been issued 131,975 shares under the 2017 Plan as of December 31, 2018. The Company's employees had been issued 292,459 shares of restricted stock under the 2017 Plan as of December 31, 2018. At December 31, 2018, there were 290,373 shares of non-vested restricted stock outstanding and 1,280,392 common shares reserved for issuance in connection with outstanding PSUs under the 2017 Plan.

(a) Restricted Common Stock Awards

During the years ended December 31, 2019, 2018 and 2017, the Company recognized non-cash compensation expense on its restricted common stock awards of $2.2 million, $1.3 million and $1.8 million, respectively. Dividends are paid on all restricted stock issued, whether those shares have vested or not. In general, non-vested restricted stock is forfeited upon the recipient's termination of employment. There were forfeitures of 1,575 shares of restricted stock for the year ended December 31, 2019, forfeitures of 5,120 shares for the year ended December 31, 2018 and no forfeitures for the year ended December 31, 2017.

A summary of the activity of the Company's non-vested restricted stock collectively under the 2010 Plan and 2017 Plan for the years ended December 31, 2019, 2018 and 2017, respectively, is presented below:

	2019		2018		2017	
	Number of Non-vested Restricted Shares	Weighted Average Per Share Grant Date Fair Value(1)	Number of Non-vested Restricted Shares	Weighted Average Per Share Grant Date Fair Value(1)	Number of Non-vested Restricted Shares	Weighted Average Per Share Grant Date Fair Value(1)
Non-vested shares at January 1	507,536	$ 5.91	422,928	$ 6.36	319,058	$ 6.40
Granted	536,242	6.30	289,792	5.63	332,921	6.54
Vested	(205,080)	5.85	(200,064)	6.55	(229,051)	6.67
Forfeited	(1,575)	6.35	(5,120)	6.25	—	—
Non-vested shares as of December 31	837,123	$ 6.18	507,536	$ 5.91	422,928	$ 6.36
Restricted stock granted during the period	536,242	$ 6.30	289,792	$ 5.63	332,921	$ 6.54

(1) The grant date fair value of restricted stock awards is based on the closing market price of the Company's common stock at the grant date.

At December 31, 2019 and 2018, the Company had unrecognized compensation expense of $3.1 million and $1.9 million, respectively, related to the non-vested shares of restricted common stock under the 2010 Plan and 2017 Plan, collectively. The unrecognized compensation expense at December 31, 2019 is expected to be recognized over a weighted average period of 1.9 years. The total fair value of restricted shares vested during the years ended December 31, 2019, 2018 and 2017 was $1.3 million, $1.1 million and $1.5 million, respectively. The requisite service period for restricted stock awards at issuance is three years and the restricted common stock either vests ratably over a three year period or at the end of the requisite service period.

(b) Performance Stock Units

During the years ended December 31, 2019 and 2018, the Compensation Committee and the Board of Directors approved the grant of PSUs. Each PSU represents an unfunded promise to receive one share of the Company's common stock once the performance condition has been satisfied. The awards were issued pursuant to and are consistent with the terms and conditions of the 2017 Plan.

The PSU awards are subject to performance-based vesting under the 2017 Plan pursuant to the PSU Agreements. Vesting of the PSUs will occur at the end of three years based on the following:

- If three-year TSR performance relative to the Company's identified performance peer group (the "Relative TSR") is less than the 30th percentile, then 0% of the target PSUs will vest;
- If three-year Relative TSR performance is equal to the 30th percentile, then the Threshold % (as defined in the individual PSU Agreements) of the target PSUs will vest;
- If three-year Relative TSR performance is equal to the 50th percentile, then 100% of the target PSUs will vest; and
- If three-year Relative TSR performance is greater than or equal to the 80th percentile, then the Maximum % (as defined in the individual PSU Agreements) of the target PSUs will vest.

The percentage of target PSUs that vest for performance between the 30th, 50th, and 80th percentiles will be calculated using linear interpolation.

Total shareholder return for the Company and each member of the peer group will be determined by dividing (i) the sum of the cumulative amount of such entity's dividends per share for the performance period and the arithmetic average per share volume weighted average price (the "VWAP") of such entity's common stock for the last thirty (30) consecutive trading days of the performance period minus the arithmetic average per share VWAP of such entity's common stock for the last thirty (30) consecutive trading days immediately prior to the performance period by (ii) the arithmetic average per share VWAP of such entity's common stock for the last thirty (30) consecutive trading days immediately prior to the performance period.

The grant date fair value of the PSUs was determined through a Monte-Carlo simulation of the Company's common stock total shareholder return and the common stock total shareholder return of its identified performance peer companies to determine the Relative TSR of the Company's common stock over a future period of three years. For the PSUs granted in 2019 and 2018, the inputs used by the model to determine the fair value are (i) historical stock price volatilities of the Company and its identified performance peer companies over the most recent three year period and correlation between each company's stock and the identified performance peer group over the same time series and (ii) a risk free rate for the period interpolated from the U.S. Treasury yield curve on grant date.

A summary of the activity of the target PSU Awards under the 2017 Plan for the years ended December 31, 2019 and 2018, respectively, is presented below:

	2019		2018	
	Number of Non-vested Target Shares	Weighted Average Per Share Grant Date Fair Value (1)	Number of Non-vested Target Shares	Weighted Average Per Share Grant Date Fair Value (1)
Non-vested target PSUs at January 1	842,792	$ 4.20	—	$ —
Granted	1,175,726	4.01	842,792	4.20
Vested	—	—	—	—
Non-vested target PSUs as of December 31	2,018,518	$ 4.09	842,792	$ 4.20

(1) The grant date fair value of the PSUs was determined through a Monte-Carlo simulation of the Company's common stock total shareholder return and the common stock total shareholder return of its identified performance peer companies to determine the Relative TSR of the Company's common stock over a future period of three years.

As of December 31, 2019 and 2018, there was $4.5 million and $2.6 million of unrecognized compensation cost related to the non-vested portion of the PSUs, respectively. The unrecognized compensation cost related to the non-vested portion of the PSUs at December 31, 2019 is expected to be recognized over a weighted average period of 1.7 years. Compensation expense related to the PSUs was $2.9 million and $0.9 million for the years ended December 31, 2019 and 2018, respectively.

19. Income Taxes

For the years ended December 31, 2019, 2018 and 2017, the Company qualified to be taxed as a REIT under the Internal Revenue Code for U.S. federal income tax purposes. As long as the Company qualifies as a REIT, the Company generally will not be subject to U.S. federal income taxes on its taxable income to the extent it annually distributes at least 100% of its taxable income to stockholders and does not engage in prohibited transactions. Certain activities the Company performs may produce income that will not be qualifying income for REIT purposes. The Company has designated its TRSs to engage in these activities. The tables below reflect the taxes accrued at the TRS level and the tax attributes included in the consolidated financial statements.

The income tax provision for the years ended December 31, 2019, 2018 and 2017 is comprised of the following components (dollar amounts in thousands):

	Years Ended December 31,		
	2019	2018	2017
Current income tax (benefit) expense			
Federal	$ (65)	$ (273)	$ 1,243
State	43	(7)	2,130
Total current income tax (benefit) expense	(22)	(280)	3,373
Deferred income tax (benefit) expense			
Federal	(245)	(480)	(25)
State	(152)	(297)	7
Total deferred income tax benefit	(397)	(777)	(18)
Total (benefit) provision	$ (419)	$ (1,057)	$ 3,355

The Company's estimated taxable income differs from the statutory U.S. federal rate as a result of state and local taxes, non-taxable REIT income, valuation allowance and other differences. A reconciliation of the statutory income tax provision to the effective income tax provision for the years ended December 31, 2019, 2018 and 2017, respectively, are as follows (dollar amounts in thousands).

	December 31,					
	2019		2018		2017	
Provision at statutory rate	$ 36,397	21.0 %	$ 21,384	21.0 %	$ 33,367	35.0 %
Non-taxable REIT income	(37,199)	(21.5)	(23,720)	(23.3)	(29,857)	(31.3)
State and local tax provision (benefit)	43	—	(7)	—	2,130	2.2
Other	(620)	(0.4)	(2,601)	(2.6)	1,511	1.6
Valuation allowance	960	0.6	3,887	3.8	(3,796)	(4.0)
Total (benefit) provision	$ (419)	(0.3)%	$ (1,057)	(1.1)%	$ 3,355	3.5 %

Deferred Tax Assets and Liabilities

The major sources of temporary differences included in the deferred tax assets and their deferred tax effect as of December 31, 2019 and 2018, respectively, are as follows (dollar amounts in thousands):

	December 31, 2019	December 31, 2018
Deferred tax assets		
Net operating loss carryforward	$ 3,975	$ 2,416
Capital loss carryover	739	739
GAAP/Tax basis differences	3,699	3,903
Total deferred tax assets [(1)]	8,413	7,058
Deferred tax liabilities		
Deferred tax liabilities	5	6
Total deferred tax liabilities [(2)]	5	6
Valuation allowance [(1)]	(7,029)	(6,069)
Total net deferred tax asset	$ 1,379	$ 983

(1) Included in receivables and other assets in the accompanying consolidated balance sheets.
(2) Included in accrued expenses and other liabilities in the accompanying consolidated balance sheets.

As of December 31, 2019, the Company, through wholly owned TRSs, had incurred net operating losses in the aggregate amount of approximately $11.7 million. The Company's carryforward net operating losses of approximately $10.8 million can be carried forward indefinitely until they are offset by future taxable income. The remaining $0.9 million of net operating losses will expire between 2036 and 2037 if they are not offset by future taxable income. Additionally, as of December 31, 2019, the Company, through one of its wholly-owned TRSs, had also incurred approximately $2.2 million in capital losses. The Company's carryforward capital losses will expire between 2023 and 2024 if they are not offset by future capital gains.

As of December 31, 2019, the Company has recorded a valuation allowance against certain deferred tax assets as management does not believe that it is more likely than not that these deferred tax assets will be realized. The change in the valuation for the current year is approximately $1.0 million. We will continue to monitor positive and negative evidence related to the utilization of the remaining deferred tax assets for which a valuation allowance continues to be provided.

The Company files income tax returns with the U.S. federal government and various state and local jurisdictions. The Company's federal, state and city income tax returns are subject to examination by the Internal Revenue Service and related tax authorities generally for three years after they were filed. The Company has assessed its tax positions for all open years and concluded that there are no material uncertainties to be recognized.

Based on the Company's evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. To the extent that the Company incurs interest and accrued penalties in connection with its tax obligations, including expenses related to the Company's evaluation of unrecognized tax positions, such amounts will be included in income tax expense.

20. Quarterly Financial Data (unaudited)

The following table is a comparative breakdown of our unaudited quarterly results for the immediately preceding eight quarters (amounts in thousands, except per share data):

	Three Months Ended			
	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019
Interest income	$ 147,982	$ 167,258	$ 179,602	$ 199,772
Interest expense	121,779	141,567	147,631	155,773
Net interest income	26,203	25,691	31,971	43,999
Non-interest income:				
Recovery of loan losses	1,065	1,296	244	175
Realized gains (losses), net	22,006	4,448	6,102	86
Unrealized gains (losses), net	2,708	77	11,112	21,940
Loss on extinguishment of debt	(2,857)	—	—	—
Income from real estate held for sale in consolidated variable interest entities	215	—	—	—
Other income	7,728	2,740	3,938	11,425
Total non-interest income	30,865	8,561	21,396	33,626
General, administrative and operating expenses	12,644	12,394	12,288	12,509
Income from operations before income taxes	44,424	21,858	41,079	65,116
Income tax expense (benefit)	74	(134)	(187)	(172)
Net income	44,350	21,992	41,266	65,288
Net (income) loss attributable to non-controlling interest in consolidated variable interest entities	(211)	743	113	195
Net income attributable to Company	44,139	22,735	41,379	65,483
Preferred stock dividends	(5,925)	(6,257)	(6,544)	(10,175)
Net income attributable to Company’s common stockholders	$ 38,214	$ 16,478	$ 34,835	$ 55,308
Basic earnings per common share	$ 0.22	$ 0.08	$ 0.15	$ 0.20
Diluted earnings per common share	$ 0.21	$ 0.08	$ 0.15	$ 0.20
Dividends declared per common share	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Weighted average shares outstanding-basic	174,421	200,691	234,043	275,121
Weighted average shares outstanding-diluted	194,970	202,398	255,537	296,347

	Three Months Ended			
	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018
Interest income	$ 108,891	$ 107,723	$ 110,249	$ 128,936
Interest expense	89,139	90,223	90,646	107,063
Net interest income	19,752	17,500	19,603	21,873
Non-interest income:				
(Provision for) recovery of loan losses	(42)	437	840	(2,492)
Realized gains (losses), net	(4,156)	(6,303)	3,232	(548)
Unrealized gains (losses), net	19,031	24,392	14,094	(4,736)
Income from real estate held for sale in consolidated variable interest entities	2,126	1,253	1,380	1,404
Other income	3,994	228	4,757	7,589
Total non-interest income	20,953	20,007	24,303	1,217
General, administrative and operating expenses	8,698	8,769	9,912	14,091
Income from operations before income taxes	32,007	28,738	33,994	8,999
Income tax benefit	(79)	(13)	(454)	(511)
Net income	32,086	28,751	34,448	9,510
Net (income) loss attributable to non-controlling interest in consolidated variable interest entities	(2,468)	943	(475)	91
Net income attributable to Company	29,618	29,694	33,973	9,601
Preferred stock dividends	(5,925)	(5,925)	(5,925)	(5,925)
Net income attributable to Company's common stockholders	$ 23,693	$ 23,769	$ 28,048	$ 3,676
Basic earnings per common share	$ 0.21	$ 0.21	$ 0.21	$ 0.02
Diluted earnings per common share	$ 0.20	$ 0.20	$ 0.20	$ 0.02
Dividends declared per common share	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Weighted average shares outstanding-basic	112,018	115,211	132,413	148,871
Weighted average shares outstanding-diluted	131,761	135,164	152,727	149,590

21. Subsequent Events

On January 10, 2020, the Company issued 34,500,000 shares of its common stock through an underwritten public offering at a public offering price of $6.09 per share, resulting in total net proceeds to the Company of approximately $206.7 million after deducting underwriting discounts and commissions and offering expenses.

On February 13, 2020, the Company issued 50,600,000 shares of its common stock through an underwritten public offering at a public offering price of $6.13 per share, resulting in total net proceeds to the Company of approximately $305.3 million after deducting underwriting discounts and commissions and offering expenses.

Schedule IV - Mortgage Loans on Real Estate
(dollar amounts in thousands)

December 31, 2019

Asset Type	Number of Loans	Interest Rate	Maturity Date	Carrying Value	Principal Amount of Loans Subject to Delinquent Principal or Interest
Distressed and other residential mortgage loans, net					
First mortgage loans					
Original loan amount $0 - $99,999	1,355	1.99% - 14.99%	08/25/2007 - 01/10/2060	$ 62,833	$ 12,942
Original loan amount $100,000 - $199,999	577	2.00% - 12.48%	11/19/2011 - 12/01/2059	62,926	13,302
Original loan amount $200,000 - $299,999	139	0.00% - 11.44%	06/01/2029 - 11/01/2059	27,775	7,914
Original loan amount over $299,999	112	2.00% - 9.75%	11/01/2021 - 05/01/2057	49,222	16,477
Residential mortgage loans, at fair value					
First mortgage loans					
Original loan amount $0 - $99,999	1,482	1.38% - 13.50%	10/10/2018 - 12/01/2059	84,154	6,901
Original loan amount $100,000 - $199,999	2,769	1.50% - 13.38%	07/01/2018 - 12/01/2059	328,284	29,491
Original loan amount $200,000 - $299,999	1,484	0.25% - 12.00%	01/07/2020 - 11/01/2059	301,835	29,612
Original loan amount over $299,999	1,701	2.00% - 12.00%	01/08/2020 - 02/01/2060	668,673	56,318
Second mortgage loans					
Original loan amount $0 - $99,999	701	5.75% - 9.00%	12/01/2030 - 11/01/2049	32,827	595
Original loan amount $100,000 - $199,999	74	6.25% - 9.13%	05/01/2032 - 10/01/2049	9,549	—
Original loan amount $200,000 - $299,999	18	6.25% - 8.63%	03/01/2046 - 11/01/2049	4,137	—
Original loan amount over $299,999	1	6.88% - 6.88%	11/01/2047 - 11/01/2047	295	—
Other mortgage loans					
Residential loans and loans held for sale	14	2.36% - 5.63%	07/01/2027 - 08/01/2046	2,406	413
Residential loans held in securitization trust, at fair value					
First mortgage loans	8,103	1.38% - 10.50%	02/01/2022 - 12/01/2058	1,328,886	50,741
Multi-family loans held in securitization trusts, at fair value					
First mortgage loans	828	3.04% - 5.76%	1/1/2020 - 1/1/2034	17,816,746	—
				$ 20,780,548	$ 224,706

Reconciliation of Balance Sheet Reported Amounts of Mortgage Loans on Real Estate

	For the year ended December 31,		
(in thousands)	**2019**	**2018**	**2017**
Beginning balance	$ 12,707,625	$ 10,157,126	$ 7,565,459
Additions during period:			
Purchases	8,762,553	2,983,295	2,987,775
Accretion of purchase discount	11,234	19,940	19,686
Change in realized and unrealized gains (losses)	638,557	4,096	10,214
Deductions during period:			
Repayments of principal	(1,052,812)	(182,163)	(175,664)
Collection of interest	(11,429)	(21,754)	(26,081)
Transfer to REO	(6,105)	(7,998)	(7,228)
Cost of mortgages sold	(213,871)	(109,000)	(176,470)
Provision for loan loss	2,780	(1,235)	1,739
Change in realized and unrealized gains (losses)	—	(85,115)	(270)
Amortization of premium	(57,984)	(49,567)	(42,034)
Balance at end of period	$ 20,780,548	$ 12,707,625	$ 10,157,126

EXHIBIT INDEX

Exhibits: The exhibits required by Item 601 of Regulation S-K are listed below. Management contracts or compensatory plans are filed as Exhibits 10.1 through 10.15.

Exhibit	Description
3.1	Articles of Amendment and Restatement of the Company, as amended.*
3.2	Amended and Restated Bylaws of the Company (Incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on July 1, 2019).
3.3	Articles Supplementary designating the Company's 7.75% Series B Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock") (Incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 31, 2013).
3.4	Articles Supplementary classifying and designating 2,550,000 additional shares of the Series B Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 20, 2015).
3.5	Articles Supplementary classifying and designating the Company's 7.875% Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock") (Incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 21, 2015).
3.6	Articles Supplementary classifying and designating the Company's 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series D Preferred Stock") (Incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 10, 2017).
3.7	Articles Supplementary classifying and designating 2,460,000 additional shares of the Series C Preferred Stock (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).
3.8	Articles Supplementary classifying and designating 2,650,000 additional shares of the Series D Preferred Stock (Incorporated by reference to Exhibit 3.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).
3.9	Articles Supplementary classifying and designating the Company's 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series E Preferred Stock") (Incorporated by reference to Exhibit 3.9 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 15, 2019).
3.10	Articles Supplementary classifying and designating 3,000,000 additional shares of the Series E Preferred Stock (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2019).
4.1	Form of Common Stock Certificate (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11 (Registration No. 333-111668) filed with the Securities and Exchange Commission on June 18, 2004).
4.2	Form of Certificate representing the Series B Preferred Stock Certificate (Incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 31, 2013).
4.3	Form of Certificate representing the Series C Preferred Stock (Incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 21, 2015).
4.4	Form of Certificate representing the Series D Preferred Stock (Incorporated by reference to Exhibit 3.7 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 10, 2017).
4.5	Form of Certificate representing the Series E Preferred Stock (Incorporated by reference to Exhibit 3.10 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on October 15, 2019).

4.6	Indenture, dated January 23, 2017, between the Company and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2017).
4.7	First Supplemental Indenture, dated January 23, 2017, between the Company and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2017).
4.8	Form of 6.25% Senior Convertible Note Due 2022 of the Company (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2017).
	Certain instruments defining the rights of holders of long-term debt securities of the Company and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Company hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of any such instruments.
4.9	Description of the Company's securities under Section 12 of the Exchange Act. *

10.1	The Company's 2010 Stock Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 17, 2010).
10.2	The Company's 2013 Incentive Compensation Plan (effective for fiscal year 2015) (Incorporated by reference to Exhibit 10.2 to the Company’s Form 8-K filed with the Securities and Exchange Commission on May 29, 2015).
10.3	The Company's 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 15, 2017).
10.4	Amendment No. 1 to the New York Mortgage Trust, Inc. 2017 Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 28, 2019).
10.5	Form of Restricted Stock Award Agreement for Officers (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2009).
10.6	Form of Restricted Stock Award Agreement for Directors (Incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 14, 2009).
10.7	Third Amended and Restated Employment Agreement, dated as of April 19, 2018, between New York Mortgage Trust, Inc. and Steven R. Mumma (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 20, 2018).
10.8	The Company’s 2018 Annual Incentive Plan (Incorporated by reference to Exhibit 10.11 to the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2018).
10.9	Form of 2018 Performance Stock Unit Award Agreement (Incorporated by reference to Exhibit 10.12 to the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2018).
10.10	The Company's Amended and Restated 2019 Annual Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 5, 2019).
10.11	Form of 2019 Performance Stock Unit Award Agreement (Incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2019).
10.12	The Company’s 2020 Annual Incentive Plan.*
10.13	Form of 2020 Performance Stock Unit Award Agreement.*
10.14	Form of 2020 Restricted Stock Unit Award Agreement.*
10.15	Form of 2020 Restricted Stock Award Agreement for Employees.*
10.16	Equity Distribution Agreement, dated August 10, 2017, by and between the Company and Credit Suisse Securities (USA) LLC (Incorporated by reference to Exhibit 1.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2017).
10.17	Amendment No. 1 to Equity Distribution Agreement, dated September 10, 2018, between New York Mortgage Trust, Inc. and Credit Suisse Securities (USA) LLC (Incorporated by reference to Exhibit 1.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 10, 2018).
10.18	Equity Distribution Agreement, dated March 29, 2019, by and between the Company and JonesTrading Institutional Services LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).
10.19	Amendment No. 1 to Equity Distribution Agreement, dated November 27, 2019, by and between the Company and JonesTrading Institutional Services LLC (Incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2019).

21.1	List of Subsidiaries of the Registrant.*
23.1	Consent of Independent Registered Public Accounting Firm (Grant Thornton LLP).*
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	XBRL Instance Document ***
101.SCH	Taxonomy Extension Schema Document ***
101.CAL	Taxonomy Extension Calculation Linkbase Document ***
101.DE XBRL	Taxonomy Extension Definition Linkbase Document ***
101.LAB	Taxonomy Extension Label Linkbase Document ***
101.PRE	Taxonomy Extension Presentation Linkbase Document ***
104	Cover Page Interactive Data File-the cover page XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

** Furnished herewith. Such certification shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

*** Submitted electronically herewith. Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2019 and 2018; (ii) Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017; (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017; (iv) Consolidated Statements of Changes in Stockholders’ Equity for the years ended December 31, 2019, 2018 and 2017; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017; and (vi) Notes to Consolidated Financial Statements.

<u>NEW YORK MORTGAGE TRUST</u>, <u>INC.</u>

ARTICLES OF AMENDMENT AND RESTATEMENT

(as amended)

<u>FIRST</u>: New York Mortgage Trust, Inc., a Maryland corporation (the "**<u>Corporation</u>**"), desires to amend and restate its charter (the "**<u>Charter</u>**") as currently in effect and as hereinafter amended.

<u>SECOND</u>: The following provisions are all the provisions of the Charter currently in effect and as hereinafter amended.

ARTICLE 1

INCORPORATION

The undersigned, Daniel M. LeBey, whose address is c/o Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 E. Byrd Street, Richmond, Virginia 23219, being at least eighteen (18) years of age, does hereby form a corporation under the general laws of the State of Maryland.

ARTICLE 2

NAME

The name of the corporation (which is hereinafter called the "**<u>Corporation</u>**") is:

New York Mortgage Trust, Inc.

ARTICLE 3

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute (the "**<u>Code</u>**")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of this Charter, "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE 4

RESIDENT AGENT AND PRINCIPAL OFFICE IN MARYLAND

The address of the principal office of the Corporation in this State is c/o The Corporation Trust Incorporated, 300 E. Lombard Street, Baltimore, Maryland 21202. The name and address of the resident agent of the Corporation are The Corporation Trust Incorporated, 300 E. Lombard Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

ARTICLE 5

**PROVISIONS FOR DEFINING, LIMITING
AND REGULATING CERTAIN POWERS OF THE
CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS**

Section 5.1 **Number of Directors**. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation shall be nine (9), which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws of the Corporation (the "**Bylaws**"), but shall never be less than the minimum number required by the Maryland General Corporation Law, or any successor statute (the "**MGCL**"). The names of the directors who shall serve until the first annual meeting of stockholders and until their successors are duly elected and qualify are:

Steven B. Schnall
David A. Akre
Raymond A. Redlingshafer, Jr.
David R. Bock
Alan L. Hainey
Steven G. Norcutt
Mary Dwyer Pembroke
Jerome F. Sherman
Thomas W. White

These directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors occurring before the first annual meeting of stockholders in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred.

Section 5.2 **Extraordinary Actions**. Except as specifically provided in Section 5.8 (relating to removal of directors) and in Article 8, notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 **Authorization by Board of Stock Issuance**. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter (the "**Charter**") or the Bylaws.

Section 5.4 **Preemptive Rights and Appraisal Rights**. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.4 or as may otherwise be provided by contract, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 5.5 **Indemnification**. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his service in any of the foregoing capacities. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 5.6 **Determinations by Board**. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter and in the absence of actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a court, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other net profit, cash flow, fund from operations, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by the Charter to be determined by the Board of Directors.

Section 5.7 **REIT Qualification**. If the Board of Directors determines that it is no longer in the best interests of the Corporation to continue to be qualified as a REIT, the Board of Directors may revoke or otherwise terminate the Corporation’s REIT election pursuant to Section 856(g) of the Code. The Board of Directors also may determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article 8 is no longer required for REIT qualification.

Section 5.8 **Removal of Directors**. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time but only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

ARTICLE 6

STOCK

Section 6.1 **Authorized Shares**. The Corporation has authority to issue 600,000,000 shares of stock, consisting of 400,000,000 shares of Common Stock, $0.01 par value per share (“**Common Stock**”), and 200,000,000 shares of Preferred Stock, $0.01 par value per share (“**Preferred Stock**”). The aggregate par value of all authorized shares of stock having par value is $6,000,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to this Article 6, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 **Common Stock**. Subject to the provisions of Article 7, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 6.3 **<u>Preferred Stock</u>**. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, in one or more classes or series of stock.

Section 6.4 **<u>Classified or Reclassified Shares</u>**. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of <u>Article 7</u> and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("**<u>SDAT</u>**"). Any of the terms of any class or series of stock set or changed pursuant to <u>clause (c)</u> of this <u>Section 6.4</u> may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other Charter document accepted for record by the SDAT.

Section 6.5 **<u>Charter and Bylaws</u>**. All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of the Charter and the Bylaws.

ARTICLE 7

RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1 **<u>Definitions</u>**. For the purpose of this <u>Article 7</u>, the following terms shall have the following meanings:

<u>Aggregate Stock Ownership Limit</u>. The term "**<u>Aggregate Stock Ownership Limit</u>**" shall mean nine and four-tenths percent (9.4%) in value of the aggregate of the outstanding shares of Capital Stock.

<u>Beneficial Ownership</u>. The term "**<u>Beneficial Ownership</u>**" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms "**<u>Beneficial Owner</u>**," "**<u>Beneficially Owns</u>**" and "**<u>Beneficially Owned</u>**" shall have the correlative meanings.

<u>Business Day</u>. The term "**<u>Business Day</u>**" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

<u>Capital Stock</u>. The term "**<u>Capital Stock</u>**" shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

<u>Charitable Beneficiary</u>. The term "**<u>Charitable Beneficiary</u>**" shall mean one or more beneficiaries of the Trust as determined pursuant to <u>Section 7.3.6</u>, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

<u>Charitable Trust</u>. The term "**<u>Charitable Trust</u>**" shall mean any trust provided for in <u>Section 7.3.1</u>.

<u>Common Stock Ownership Limit</u>. The term "**<u>Common Stock Ownership Limit</u>**" shall mean nine and four-tenths percent (9.4%) in value or in number of shares, whichever is more restrictive, of the outstanding shares of

Common Stock of the Corporation excluding any outstanding shares of Common Stock not treated as outstanding for federal income tax purposes.

Constructive Ownership. The term "**Constructive Ownership**" shall mean ownership of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "**Constructive Owner**," "**Constructively Owns**" and "**Constructively Owned**" shall have the correlative meanings.

Disqualified Organization. The term "**Disqualified Organization**" shall mean (a) the United States, any state or political subdivision thereof, any foreign government, any international organization, and any agency or instrumentality of the foregoing, (b) any tax-exempt organization (other than a farmers' cooperative described in Section 521 of the Code) that is exempt from both income taxation and from taxation under the unrelated business taxable income provisions of the Code, and (c) any rural electrical or telephone cooperative.

Excepted Holder. The term "**Excepted Holder**" shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by the Charter or by the Board of Directors pursuant to Section 7.2.7, and shall include Steven B. Schnall, as long as the Excepted Holder Limit for Steven B. Schnall (described below) remains in effect pursuant to its terms.

Excepted Holder Limit. The term "**Excepted Holder Limit**" shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Charter or by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 7.2.8, the percentage limit established for an Excepted Holder by the Charter or by the Board of Directors pursuant to Section 7.2.7. Subject to adjustment pursuant to Section 7.2.8, the Excepted Holder Limit for Steven B. Schnall shall be twelve percent (12.0%) in value of the aggregate of the outstanding shares of Capital Stock and twelve percent (12.0%) in value or in number of shares, whichever is more restrictive, of the outstanding shares of Common Stock of the Corporation.

Initial Date. The term "**Initial Date**" shall mean the date of issuance of Common Stock pursuant to the initial underwritten public offering of Common Stock.

Market Price. The term "**Market Price**" on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The "**Closing Price**" on any date shall mean the last reported sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such Capital Stock, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if such Capital Stock is not listed or admitted to trading on the NYSE, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors of the Corporation or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined in good faith by the Board of Directors of the Corporation.

NYSE. The term "**NYSE**" shall mean the New York Stock Exchange.

Person. The term "**Person**" shall mean an individual, corporation, partnership, estate, trust (including a trust qualified under Sections 401(a) or 501(c)(17) of the Code), a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a "group" as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

Prohibited Owner. The term "**Prohibited Owner**" shall mean, with respect to any purported Transfer, any Person who, but for the provisions of Section 7.2.1, would Beneficially Own or Constructively Own shares of Capital Stock in violation of the provisions of Section 7.2.1(a), and if appropriate in the context, shall also mean any Person who would have been the record owner of the shares of Capital Stock that the Prohibited Owner would have so owned.

REIT. The term "**REIT**" shall mean a real estate investment trust within the meaning of Section 856 of the Code.

Restriction Termination Date. The term "**Restriction Termination Date**" shall mean the first day after the Initial Date on which the Corporation determines pursuant to Section 5.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Transfer. The term "**Transfer**" shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire Beneficial Ownership or Constructive Ownership, or any agreement to take any such actions or cause any such events, of Capital Stock or the right to vote or receive dividends on Capital Stock, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Constructively Owned or Beneficially Owned and whether by operation of law or otherwise. The terms "**Transferring**" and "**Transferred**" shall have the correlative meanings.

Trustee. The term "**Trustee**" shall mean the Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Charitable Trust.

Section 7.2 Capital Stock.

Section 7.2.1 Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date:

(a) Basic Restrictions.

(i) (1) No Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Aggregate Stock Ownership Limit, (2) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Common Stock in excess of the Common Stock Ownership Limit and (3) neither Steven B. Schnall nor any other Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) Except as provided in Section 7.2.7 hereof, no Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership of Capital Stock would result in the Corporation being "**closely held**" within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year).

(iii) Except as provided in Section 7.2.7 hereof, notwithstanding any other provisions contained herein, no person shall Transfer shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system) to the extent such transfer would result in the Capital Stock being beneficially owned by less than one hundred (100) Persons (determined under the principles of Section 856(a)(5) of the Code).

(iv) Except as provided in Section 7.2.7 hereof, no Disqualified Organization shall Beneficially Own any shares of Capital Stock, and no Person shall Transfer shares of Capital Stock to the extent that such Transfer would result in shares of Capital Stock being Beneficially Owned by a Disqualified Organization.

(b) Transfer in Trust. If any Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 7.2.1(a)(i), (ii), (iii), or (iv),

(i) then that number of shares of the Capital Stock the Beneficial or Constructive Ownership of which otherwise would cause such Person to violate of Section 7.2.1(a)(i), (ii), (iii), or (iv) (rounded up to the nearest whole share) shall be automatically transferred to a Charitable Trust for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the Business Day prior to the date of such Transfer, and such Person shall acquire no rights in such shares of Capital Stock; or

(ii) if the transfer to the Trust described in clause (i) of this sentence would not be effective for any reason to prevent the violation of Section 7.2.1(a)(i), (ii), (iii), or (iv), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 7.2.1(a)(i), (ii), (iii), or (iv) shall be void ab initio, and the intended transferee shall acquire no rights in such shares of Capital Stock.

Section 7.2.2 **Remedies for Breach**. If the Board of Directors of the Corporation or any duly authorized committee thereof or other designees if permitted by the MGCL shall at any time determine in good faith that a Transfer or other event has taken place that results in a violation of Section 7.2.1 or that a Person intends to acquire or has attempted to acquire Beneficial or Constructive Ownership of any shares of Capital Stock in violation of Section 7.2.1 (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall take such action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Capital Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; provided, however, that any Transfers or attempted Transfers or other events in violation of Section 7.2.1 shall automatically result in the transfer to the Charitable Trust described above, and, where applicable, such Transfer (or other event) shall be void ab initio as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

Section 7.2.3 **Notice of Restricted Transfer**. Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 7.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Charitable Trust pursuant to the provisions of Section 7.2.1(b) shall immediately give written notice to the Corporation of such event, or in the case of such a proposed or attempted transaction, give at least fifteen (15) days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 7.2.4 **Owners Required To Provide Information**. From the Initial Date and prior to the Restriction Termination Date:

(a) Every owner of more than five percent (5%) (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) in value of the outstanding shares of Capital Stock, within thirty (30) days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide to the Corporation such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit; and

(b) Each Person who is a Beneficial or Constructive Owner of Capital Stock and each Person (including the stockholder of record) who is holding Capital Stock for a Beneficial or Constructive Owner shall provide to the Corporation such information as the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit.

Section 7.2.5 **Remedies Not Limited**. Subject to Section 5.7 of the Charter, nothing contained in this Section 7.2 shall limit the authority of the Board of Directors of the Corporation to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders in preserving the Corporation's status as a REIT.

Section 7.2.6 **Ambiguity**. In the case of an ambiguity in the application of any of the provisions of this Section 7.2, Section 7.3, or any definition contained in Section 7.1, the Board of Directors of the Corporation shall have the power to determine the application of the provisions of this Section 7.2 or Section 7.3 or any such definition with respect to any situation based on the facts known to it. In the event Section 7.2 or 7.3 requires an action by the Board of Directors and the Charter fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 7.1, 7.2 or 7.3.

Section 7.2.7 **Exceptions**.

(a) The Board of Directors of the Corporation, in its sole discretion, may exempt (prospectively or retroactively) a Person from the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit and/or the restrictions contained in Section 7.2.1(a)(ii), or (iii), as the case may be, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings as the Board of Directors may deem appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to lose its status as a REIT.

The Board of Directors, in its sole discretion, may exempt a Disqualified Organization from the restriction contained in Section 7.2.1(a)(iv) if either (i) the Disqualified Organization agrees to reimburse the Corporation for any tax it incurs as a result of having such Disqualified Organization as a stockholder and to make the Corporation whole for any tax imposed on the reimbursement payment, (ii) each of the following requirements is met: (A) the record holder of the shares of Capital Stock Beneficially Owned by the Disqualified Organization is a nominee of such Disqualified Organization, (B) the nominee is not itself a Disqualified Organization, (C) the nominee agrees not to transfer record ownership of such shares of Capital Stock to a Disqualified Organization, and (D) the Board of Directors obtains such representations and undertakings from such Disqualified Organization and nominee as are reasonably necessary to ascertain the foregoing, or (iii) the Corporation receives a ruling from the Internal Revenue Service or an opinion of counsel in each case to the effect that a tax will not be imposed on the Corporation as a result of the exemption.

(b) Prior to granting any exception pursuant to Section 7.2.7(a), the Board of Directors of the Corporation may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 7.2.1(a)(ii), an underwriter or placement agent that participates in a public offering or a private placement of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or exchangeable for Capital Stock) in excess of the Aggregate Stock Ownership Limit, the Common Stock Ownership Limit, or both such limits, but only to the extent necessary to facilitate such public offering or private placement and provided that the restrictions contained in Section 7.2.1(a) will not be violated following the distribution by such underwriter or placement agent of such shares of Capital Stock.

Section 7.2.8 **Change in Aggregate Stock Ownership Limit, Common Stock Ownership Limit, and Excepted Holder Limit for Steven B. Schnall**. The Board of Directors may from time to time increase or decrease the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit; provided, however, that a decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit will not be effective for any Person whose percentage ownership of Capital Stock is in excess of such decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit until such time as such Person's percentage of Capital Stock equals or falls below the decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, but until such time as such Person's percentage of Capital Stock falls below such decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, any further acquisition of Capital Stock will be in violation of the Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit and, provided further, that the new Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit would not allow five or fewer Persons (taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Capital Stock.

If at any time Steven B. Schnall's ownership of the Common Stock falls to or below nine and nine-tenths percent (9.9%) in value and in number of the outstanding shares of Common Stock, then, at all times after such decrease in Steven B. Schnall's ownership of the Common Stock, (i) the Common Stock Ownership Limit shall be increased to nine and nine-tenths percent (9.9%) in value or in number of shares, whichever is more restrictive, of the outstanding shares of Common Stock, (ii) the Aggregate Stock Ownership Limit shall be increased to nine and nine-tenths percent (9.9%) in value of the aggregate of the outstanding shares of Capital Stock, and (iii) the Excepted Holder Limit for Steven B. Schnall shall no longer apply and Mr. Schnall shall be subject to the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit.

Section 7.2.9 **Legend**. Each certificate for shares of Capital Stock shall bear substantially the following legend:

The shares represented by this certificate are subject to restrictions on Beneficial and Constructive Ownership and Transfer. Subject to certain further restrictions and except as expressly provided in the Corporation's Charter, (i) no Person may Beneficially or Constructively Own shares of the Corporation's Common Stock in excess of nine and four-tenths percent (9.4%) in value or in number of shares, whichever is more restrictive, of the aggregate of the outstanding shares of Common Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially or Constructively Own shares of Capital Stock of the Corporation in excess of nine and four-tenths percent (9.4%) in value of the aggregate of the outstanding shares of Capital Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially or Constructively Own shares of Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Internal Revenue Code of 1986, as amended (the "**Code**"); (iv) no Person may Transfer shares of Capital Stock that would result in the Capital Stock of the Corporation being beneficially owned by less than one hundred (100) Persons (determined without reference to any rules of attribution) and (v) no Disqualified Organization shall Beneficially Own any shares of Capital Stock, and no Person shall Transfer shares of Capital Stock to the extent that such Transfer would result in shares of Capital Stock being Beneficially Owned by a Disqualified Organization. Any Person who Beneficially or Constructively Owns or attempts to Beneficially or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If any of the restrictions on transfer or ownership are violated, the shares of Capital Stock represented hereby will be automatically transferred to a Trustee of a Charitable Trust for the benefit of one or more Charitable Beneficiaries. In addition, the Corporation may redeem shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. Furthermore, upon the occurrence of certain events, attempted Transfers in violation of the restrictions described above may be void ab initio. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the

Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its principal office.

Instead of the foregoing legend, the certificate may state that the Corporation will furnish a full statement about certain restrictions on transferability to a stockholder on request and without charge.

Section 7.3 **Transfer of Capital Stock in Trust**.

Section 7.3.1 **Ownership in Trust**. Upon any purported Transfer or other event described in Section 7.2.1(b) that would result in a transfer of shares of Capital Stock to a Charitable Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Charitable Trust pursuant to Section 7.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 7.3.6.

Section 7.3.2 **Status of Shares Held by the Trustee**. Shares of Capital Stock held by the Trustee shall continue to be issued and outstanding shares of Capital Stock of the Corporation. The Prohibited Owner shall have no rights in the Capital Stock held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

Section 7.3.3 **Dividend and Voting Rights**. The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Charitable Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid to a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid with respect to such shares of Capital Stock by the Prohibited Owner to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividends or distributions so paid over to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Charitable Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole discretion) (a) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (b) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article 7, until the Corporation has received notification that shares of Capital Stock have been transferred into a Charitable Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 7.3.4 **Sale of Shares by Trustee**. Within twenty (20) days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Charitable Trust, the Trustee of the Charitable Trust shall sell the shares held in the Charitable Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 7.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3.4. The Prohibited Owner shall receive the lesser of (a) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust (e.g., in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Charitable Trust and (b) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Charitable Trust. The Trustee may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article 7. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3.4, such excess shall be paid to the Trustee upon demand.

Section 7.3.5 **Purchase Right in Stock Transferred to the Trustee**. Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (a) the price per share in the transaction that resulted in such transfer to the Charitable Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (b) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation may reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article 7. The Corporation may pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Charitable Trust pursuant to Section 7.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and any dividends or other distributions held by the Trustee shall be paid to the Charitable Beneficiary.

Section 7.3.6 **Designation of Charitable Beneficiaries**. By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Charitable Trust such that (a) the shares of Capital Stock held in the Charitable Trust would not violate the restrictions set forth in Section 7.2.1(a) in the hands of such Charitable Beneficiary and (b) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Section 7.4 **NYSE Transactions**. Nothing in this Article 7 shall preclude the settlement of any transaction entered into through the facilities of the NYSE or any other national securities exchange or automated inter-dealer quotation system. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article 7 and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article 7.

Section 7.5 **Enforcement**. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article 7.

Section 7.6 **Non-Waiver**. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 7.7 **Ambiguity**. In the case of an ambiguity in the application of any of the provisions of this Article 7, including any definition contained in Section 7.1 of this Article 7, the Board of Directors shall have the power to determine the application of the provisions of this Article 7 with respect to any situation based on the facts known to it.

ARTICLE 8

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Except as otherwise provided in the Charter, any amendment to the Charter shall be valid only if approved by the affirmative vote of the holders of a majority of all the votes entitled to be cast on the matter. However, any amendment to Section 5.8, Section 6.3, Section 6.4, Article 7 or to this sentence of the Charter shall be valid only if approved by the affirmative vote of the holders of two-thirds of all the votes entitled to be cast on the matter.

ARTICLE 9

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article 9, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article 9, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The foregoing amendment to and restatement of the Charter has been approved by a majority of the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article 4 of the foregoing amended and restated Charter.

FIFTH: The name and address of the Corporation's current resident agent is as set forth in Article 4 of the foregoing amended and restated Charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article 5 of the foregoing amended and restated Charter.

SEVENTH: The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 100 shares, $0.01 par value per share. The aggregate par value of all shares of stock having par value was $1.00.

EIGHTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amended and restated Charter is 600,000,000, consisting of 400,000,000 shares of Common Stock, $0.01 par value per share, and 200,000,000 shares of Preferred Stock, $.01 par value per share. The aggregate par value of all shares of stock having par value is $6,000,000.00.

NINTH: The undersigned President acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned President acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its President and attested to by its Secretary on this 17th day of June, 2004.

ATTEST:	New York Mortgage Trust, Inc.
/s/ Michael I. Wirth Michael I. Wirth Secretary	By: /s/ Raymond A. Redlingshafer, Jr. (SEAL) Raymond A. Redlingshafer, Jr. President

NEW YORK MORTGAGE TRUST, INC.

ARTICLES OF AMENDMENT

New York Mortgage Trust, Inc., a Maryland corporation (the "**Corporation**"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The charter of the Corporation is hereby amended by deleting the definitions of "**Aggregate Stock Ownership Limit**," "**Common Stock Ownership Limit**," "**Excepted Holder**" and "**Excepted Holder Limit**" in Section 7.1 of Article Seventh in their entirety and inserting the following in lieu thereof:

Aggregate Stock Ownership Limit. The term "**Aggregate Stock Ownership Limit**" shall mean not more than 5 percent, or such higher or lower percentage as the Board of Directors shall from time to time determine pursuant to Section 7.2.8, in value of the aggregate of the outstanding shares of Capital Stock. The value of the outstanding shares of Capital Stock shall be determined by the Board of Directors, which determination shall be conclusive for all purposes hereof.

Common Stock Ownership Limit. The term "**Common Stock Ownership Limit**" shall mean not more than 5 percent (in value or in number of shares, whichever is more restrictive), or such higher or lower percentage as the Board of Directors shall from time to time determine pursuant to Section 7.2.8, of the aggregate of the outstanding shares of Common Stock. The number and value of outstanding shares of Common Stock shall be determined by the Board of Directors, which determination shall be conclusive for all purposes hereof.

Excepted Holder. The term "**Excepted Holder**" shall mean a stockholder of the Corporation for whom an Excepted Holder Limit is created by these Articles or by the Board of Directors pursuant to Section 7.2.7.

Excepted Holder Limit. The term "**Excepted Holder Limit**" shall mean, provided that the affected Excepted Holder agrees to comply with the requirements established by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 7.2.8, the percentage limit established by the Board of Directors pursuant to Section 7.2.7.

SECOND: The charter of the Corporation is hereby further amended by deleting Section 7.2.8 of Article Seventh in its entirety and inserting the following in lieu thereof:

Section 7.2.8 Change in Aggregate Stock Ownership Limit and Common Stock Ownership Limit. The Board of Directors may from time to time increase or decrease the Common Stock Ownership Limit and the Aggregate Stock Ownership Limit; provided, however, that a decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit will not be effective for any Person whose percentage ownership of Capital Stock is in excess of such decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit until such time as such Person's percentage of Capital Stock equals or falls below the decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, but until such time as such Person's percentage of Capital Stock falls below such decreased Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit, any further acquisition of Capital Stock will be in violation of the Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit and, provided further, that the new Common Stock Ownership Limit and/or Aggregate Stock Ownership Limit would not allow five or fewer individuals (taking into account all Excepted Holders) to Beneficially Own more than 49.9% in value of the outstanding Capital Stock or otherwise cause the Corporation to fail to qualify as a REIT.

THIRD: The amendments to the charter of the Corporation as set forth above have been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: There has been no change in the authorized stock of the Corporation effected by the amendments to the charter of the Corporation as set forth above.

FIFTH: The undersigned President acknowledges these Articles of Amendment to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed in its name and on its behalf by its President and attested to by its Secretary on this 11th day of June, 2009.

ATTEST:	NEW YORK MORTGAGE TRUST, INC.
By: /s/ Nathan R. Reese	By: /s/ Steven R. Mumma
Name: Nathan R. Reese	Name: Steven R. Mumma
Title: Secretary	Title: President

NEW YORK MORTGAGE TRUST, INC.

CERTIFICATE OF NOTICE

THIS IS TO CERTIFY THAT:

FIRST: The Board of Directors of New York Mortgage Trust, Inc., a Maryland corporation (the "**Corporation**"), pursuant to Section 7.2.8 of Article 7 of the charter of the Corporation (the "**Charter**"), has (i) increased the Common Stock Ownership Limit (as defined in the Charter) to 9.9% (in value or number of shares, whichever is more restrictive), of the aggregate of the outstanding shares of Common Stock (as defined in the Charter), and (ii) increased the Aggregate Stock Ownership Limit (as defined in the Charter) to 9.9% in value of the aggregate of the outstanding shares of Capital Stock (as defined in the Charter).

SECOND: The undersigned officer acknowledges this Certificate of Notice to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Notice to be signed in its name and on its behalf by the undersigned officer and attested to by its Secretary on this 4th day of May, 2012.

ATTEST:	**NEW YORK MORTGAGE TRUST, INC.**
By: /s/ Nathan R. Reese	By: /s/ Steven R. Mumma
Name: Nathan R. Reese	Name: Steven R. Mumma
Title: Secretary	Title: President and Chief Executive Officer

<u>NEW YORK MORTGAGE TRUST, INC.</u>

ARTICLES OF AMENDMENT

New York Mortgage Trust, Inc., a Maryland corporation (the “Corporation”), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

<u>FIRST</u>: The charter of the Corporation (the “Charter”) is hereby amended by deleting therefrom in its entirety the first two sentences of Section 6.1 and inserting in lieu thereof two new sentences to read as follows:

> “The Corporation has authority to issue 1,000,000,000 shares of stock, consisting of 800,000,000 shares of Common Stock, $0.01 par value per share (“Common Stock”), and 200,000,000 shares of Preferred Stock, $0.01 par value per share (“Preferred Stock”), of which (i) 6,000,000 shares are classified as 7.75% Series B Cumulative Redeemable Preferred Stock, $0.01 par value per share, (ii) 6,600,000 shares are classified as 7.875% Series C Cumulative Redeemable Preferred Stock, $0.01 par value per share, and (iii) 8,400,000 shares are classified as 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, $0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is $10,000,000.”

<u>SECOND</u>: The total number of shares of stock which the Corporation had authority to issue immediately prior to the foregoing amendment of the Charter was 600,000,000 shares, consisting of 400,000,000 shares of Common Stock, $0.01 par value per share (“Common Stock”), and 200,000,000 shares of Preferred Stock, $0.01 par value per share (“Preferred Stock”), 6,000,000 of which were classified as 7.75% Series B Cumulative Redeemable Preferred Stock, $0.01 par value per share (“Series B Preferred Stock”), 6,600,000 of which were classified as 7.875% Series C Cumulative Redeemable Preferred Stock, $0.01 par value per share (“Series C Preferred Stock”), and 8,400,000 of which were classified as 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, $0.01 par value per share (“Series D Preferred Stock”). The aggregate par value of all authorized shares of stock having par value was $6,000,000.

<u>THIRD</u>: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment of the Charter is 1,000,000,000 shares, consisting of 800,000,000 shares of Common Stock, $0.01 par value per share, and 200,000,000 shares of Preferred Stock $0.01 par value per share, 6,000,000 of which are classified as Series B Preferred Stock, $0.01 par value per share, 6,600,000 of which are classified as Series C Preferred Stock, $0.01 par value per share, and 8,400,000 of which are classified as Series D Preferred Stock, $0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is $10,000,000.

<u>FOURTH</u>: The information required by Section 2-607(b)(2)(i) of the Maryland General Corporation Law (the “MGCL”) is not changed by the foregoing amendment of the Charter.

<u>FIFTH</u>: The foregoing amendment of the Charter was approved by a majority of the entire Board of Directors of the Corporation as required by law and was limited to a change expressly authorized by the Charter and Section 2-105(a)(13) of the MGCL without any action by the stockholders of the Corporation.

<u>SIXTH</u>: The undersigned officer acknowledges these Articles of Amendment to be the corporate act of the Corporation and as to all matters of facts required to be verified under oath, the undersigned acknowledges that to the best of such officer’s knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed in its name and on its behalf by its Chairman and Chief Executive Officer and attested to by its Secretary on this 10th day of October, 2019.

ATTEST: NEW YORK MORTGAGE TRUST, INC.

By: /s/ Nathan R. Reese	By: /s/ Steven R. Mumma
Name: Nathan R. Reese	Name: Steven R. Mumma
Title: Secretary	Title: Chairman and Chief Executive Officer

DESCRIPTION OF THE COMPANY'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

This exhibit contains a summary description of each class of our securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These summary descriptions are not meant to be complete descriptions of each security and such descriptions are qualified in their entirety by, and should be read in conjunction with, our charter, our bylaws and applicable Maryland law.

General

Our charter provides that we may issue up to 1,000,000,000 shares of stock, including 800,000,000 shares of common stock, $0.01 par value per share. Under Maryland law, our stockholders are not generally liable for our debts or obligations. Our charter also provides that a majority of our entire board of directors may amend our charter from time to time to increase or decrease the aggregate number of shares of capital stock of any class or series that we have the authority to issue, without stockholder approval.

Pursuant to our charter, we are currently authorized to designate and issue up to 200,000,000 shares of preferred stock, $0.01 par value per share, in one or more classes or series and, subject to the limitations prescribed by our charter and Maryland law, with such terms of each class or series of preferred stock, including preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, and terms and conditions of redemption and the number of shares constituting any class or series, as our board of directors may determine, without any vote or action by our stockholders, of which (i) 6,000,000 shares are classified as 7.75% Series B Cumulative Redeemable Preferred Stock, $0.01 par value per share (our "Series B Preferred Stock"), (ii) 6,600,000 shares are classified as 7.875% Series C Cumulative Redeemable Preferred Stock, $0.01 par value per share (our "Series C Preferred Stock"), (iii) 8,400,000 shares are classified as 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, $0.01 par value per share (our "Series D Preferred Stock") and (iv) 9,900,000 shares are classified as 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, $0.01 par value per share (our "Series E Preferred Stock" and, together with our Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, our "Outstanding Series of Preferred Stock"). Our board of directors may, without the approval of holders of our Outstanding Series of Preferred Stock or our common stock, classify and designate additional series of authorized preferred stock ranking junior to or on parity with our Series B Preferred Stock, our Series C Preferred Stock, our Series D Preferred Stock or our Series E Preferred Stock or classify and designate additional shares of our Series B Preferred Stock, our Series C Preferred Stock, our Series D Preferred Stock or our Series E Preferred Stock and authorize the issuance of such shares.

In this exhibit, (i) our "Junior Stock" means our common stock and any class or series of stock we may issue that by its terms ranks junior to the applicable stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up, (ii) our "Parity Stock" means the Outstanding Series of Preferred Stock and any other class or series of stock we may issue in the future that by its terms ranks on parity with the applicable stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up, and (iii) our "Senior Stock" means any class or series of stock we may issue that by its terms ranks senior to the applicable stock with respect to the payment of dividends and the distribution of assets in the event of our liquidation, dissolution or winding up. The term "stock" does not include any convertible or exchangeable debt securities that we have issued or may issue in the future.

DESCRIPTION OF COMMON STOCK

Voting Rights of Common Stock

Except as provided with respect to any other class or series of shares of our stock and subject to the provisions of our charter regarding restrictions on the transfer and ownership of shares of common stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, the holders of our common stock possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of our outstanding shares of stock entitled to vote thereon can elect all of the directors then standing for election. Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, convert, sell all or substantially all of its assets, or engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter, unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides for approval by a majority of all the votes entitled to be cast on the matter for the matters described in the preceding sentence, except for certain charter amendments related to the amendment of our charter, the removal of our directors, the classification and issuance of common and preferred stock and the restrictions on transfer and ownership of shares.

Dividends, Liquidation and Other Rights

All of our outstanding shares of common stock are duly authorized, fully paid and nonassessable. Holders of our shares of common stock are entitled to receive dividends when authorized by our board of directors and declared by us out of assets legally available for the payment of dividends. They also are entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding restrictions on ownership and transfer of our stock.

Holders of our shares of common stock have no preference, conversion, exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any of our securities and generally have no appraisal rights. Subject to the restrictions on transfer and ownership of capital stock contained in our charter and to the ability of the board of directors to create shares of common stock with differing voting rights, all shares of common stock have equal dividend, liquidation and other rights.

Restrictions on Ownership and Transfer

In order to qualify as a REIT under the Internal Revenue Code, our shares of stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year, other than our first REIT taxable year. Also, no more than 50% of the value of our outstanding shares of capital stock may be owned, directly or constructively, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities) during the last half of any taxable year. In addition, if certain "disqualified organizations" hold our stock, although the law on the matter is unclear, a tax might be imposed on us if a portion of our assets is treated as a taxable mortgage pool ("TMP"). In addition, a tax will be imposed on us if certain disqualified organizations hold our stock and we hold a residual interest in a real estate mortgage investment conduit, or REMIC.

To help us to qualify as a REIT, among other purposes, our charter, subject to certain exceptions, contains restrictions on the number of shares of our capital stock that a person may own and prohibits certain entities from owning our stock. As amended, our charter provides that generally no person may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, either (i) more than 9.9% in value of the aggregate of our outstanding shares of capital stock or (ii) more than 9.9% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock. Our board of directors is permitted under our charter to increase or decrease the common stock ownership limit and the aggregate stock ownership limit from time to time, and to waive these ownership limits (prospectively or retroactively) on a case by case basis so long as the waiver will not allow five or fewer individuals to beneficially own more than 49.9% in value of our outstanding capital stock or otherwise cause us to fail to comply with applicable REIT ownership requirements under the Internal Revenue Code. Our charter prohibits the following "disqualified organizations" from owning our stock: the U.S.; any state or political subdivision of the U.S.; any foreign government; any international organization; any agency or instrumentality of any of the foregoing; any other tax-exempt organization, other than a farmer's cooperative described in Section 521 of the Internal Revenue Code, that is exempt from both income taxation and from taxation under the unrelated business taxable income provisions of the Internal Revenue Code and any rural electrical or telephone cooperative.

Our charter also prohibits any person from (a) beneficially or constructively owning shares of our capital stock that would result in our being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code (without regard to whether the ownership interest is held in the last half of the taxable year) and (b) transferring shares of our capital stock if such transfer would result in our capital stock being beneficially owned by fewer than 100 persons. Any person who acquires or attempts or intends to acquire beneficial ownership of shares of our capital stock that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give notice immediately to us or, in the case of a proposed or attempted transaction, give at least 15 days prior written notice, and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing restrictions on transfer and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Our board of directors, in its sole discretion, may exempt (prospectively or retroactively) a person from the above ownership limits and any of the restrictions described in the first sentence of the paragraph directly above. However, our board of directors will grant an exemption to any person only if it obtains such representations, covenants and undertakings as our board of directors may deem appropriate in order to determine that granting the exemption would not result in our losing our status as a REIT. As a condition of granting the exemption, our board of directors may require a ruling from the Internal Revenue Service, or the IRS, or an opinion of counsel, in either case in form and substance satisfactory to the board of directors, in its sole discretion, in order to determine or ensure our status as a REIT.

Any transfer that results in our shares of stock being owned by fewer than 100 persons will be void. However, if any transfer of our shares of stock occurs which, if effective, would result in any person beneficially or constructively owning shares of stock in excess or in violation of the above transfer or ownership limitations, known as a prohibited owner, then that number of shares of stock, the beneficial or constructive ownership of which otherwise would cause such person to violate the transfer or ownership limitations (rounded up to the nearest whole share), will be automatically transferred to a charitable trust for the exclusive benefit of a charitable beneficiary, and the prohibited owner will not acquire any rights in such shares. This automatic transfer will be considered effective as of the close of business on the business day before the violative transfer. If the transfer to the charitable trust would not be effective for any reason to prevent the violation of the above transfer or ownership limitations, then the transfer of that number of shares of stock that otherwise would cause any person to violate the above limitations will be void. Shares of stock held in the charitable trust will continue to constitute issued and outstanding shares of our stock. The prohibited owner will not benefit economically from ownership of any shares of stock held in the charitable trust, will have no rights to dividends or other distributions and will not possess any rights to vote or other rights attributable to the shares of stock held in the charitable trust. The trustee of the charitable trust will be appointed by us and must be unaffiliated with us or any prohibited owner and will have all voting rights and rights to dividends or other distributions with respect to shares of stock held in the charitable trust, and these rights will be exercised for the exclusive benefit of the trust's charitable beneficiary. Any dividend or other distribution paid to a prohibited owner before our discovery that shares of stock have been transferred to the trustee will be paid by the prohibited owner to the trustee upon demand, and any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or other distribution so paid to the trustee will be held in trust for the trust's charitable beneficiary. Subject to Maryland law, effective as of the date that such shares of stock have been transferred to the trustee, the trustee, in its sole discretion, will have the authority to:

- rescind as void any vote cast by a prohibited owner prior to our discovery that such shares have been transferred to the trustee; and
- recast such vote in accordance with the desires of the trustee acting for the benefit of the trust's beneficiary.

However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast such vote.

Within 20 days of receiving notice from us that shares of stock have been transferred to the charitable trust, and unless we buy the shares first as described below, the trustee will sell the shares of stock held in the charitable trust to a person, designated by the trustee, whose ownership of the shares will not violate the ownership limitations in our charter. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary. The prohibited owner will receive the lesser of:

- the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the charitable trust (for example, in the case of a gift or devise), the market price of the shares on the day of the event causing the shares to be held in the charitable trust; and

- the price per share received by the trustee from the sale or other disposition of the shares held in the charitable trust (less any commission and other expenses of a sale).

The trustee may reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner that are owed by the prohibited owner to the trustee. Any net sale proceeds in excess of the amount payable to the prohibited owner will be paid immediately to the charitable beneficiary. If, before our discovery that shares of stock have been transferred to the charitable trust, such shares are sold by a prohibited owner, then:

- such shares will be deemed to have been sold on behalf of the charitable trust; and

- to the extent that the prohibited owner received an amount for such shares that exceeds the amount that the prohibited owner was entitled to receive as described above, the excess must be paid to the trustee upon demand.

In addition, shares of stock held in the charitable trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of:

- the price per share in the transaction that resulted in such transfer to the charitable trust (or, in the case of a gift or devise, the market price at the time of the gift or devise); and

- the market price on the date we, or our designee, accepts such offer.

We may reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner that are owed by the prohibited owner to the trustee. We may pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. We will have the right to accept the offer until the trustee has sold the shares of stock held in the charitable trust. Upon such a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee will be paid to the charitable beneficiary.

All certificates representing shares of our capital stock will bear a legend referring to the restrictions described above.

Every holder of more than 5% (or such lower percentage as required by the Internal Revenue Code or the regulations promulgated thereunder) in value of all classes or series of our capital stock, including shares of common stock, within 30 days after the end of each taxable year, will be required to give written notice to us stating the name and address of such holder, the number of shares of each class and series of shares of our stock that the holder beneficially owns and a description of the manner in which the shares are held. Each holder shall provide to us such additional information as we may request in order to determine the effect, if any, of the holder's beneficial ownership on our status as a REIT and to ensure compliance with our ownership limitations. In addition, each beneficial or constructive owner of our capital stock (including the stockholder of record) shall upon demand be required to provide to us such information as we may request, in good faith, in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance and ensure compliance with our ownership limits.

Our ownership limitations could delay, defer or prevent a transaction or a change in control of us that might involve a premium price for holders of our common stock or might otherwise be in the best interest of our stockholders.

Transfer Agent and Registrar

The transfer agent and registrar for our shares of common stock is American Stock Transfer & Trust Company, LLC.

Listing

The common stock is listed on The Nasdaq Global Select Market (“Nasdaq”) under the symbol “NYMT.”

DESCRIPTION OF PREFERRED STOCK

General

The registrar, transfer agent and dividend and redemption price disbursing agent in respect of our Series B Preferred Stock, our Series C Preferred Stock, our Series D Preferred Stock and our Series E Preferred Stock is American Stock Transfer & Trust Company, LLC. For as long as any shares of our Outstanding Series of Preferred Stock are outstanding, we will maintain an office or agency where shares of our Outstanding Series of Preferred Stock may be surrendered for payment (including upon redemption), registration of transfer or exchange.

Our Series B Preferred Stock

Terms defined in this " Our Series B Preferred Stock" section have the meanings ascribed to such terms herein only when used in this " Our Series B Preferred Stock" section.

Maturity

Our Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of our Series B Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under "—Conversion Rights." We are not required to set aside for payment the funds to redeem our Series B Preferred Stock.

Ranking

Our Series B Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

(1) senior to all classes or series of our Junior Stock;

(2) on a parity with our Parity Stock;

(3) junior to any of our Senior Stock; and

(4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into our common stock or preferred stock) and to the indebtedness of our existing and future subsidiaries.

Dividends

Holders of shares of our Series B Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 7.75% of the $25.00 per share liquidation preference per annum (equivalent to $1.9375 per annum per share). Dividends on our Series B Preferred Stock will accumulate daily and be cumulative from, but excluding, the dividend payment date (as defined below) immediately preceding the date of the issuance of such shares and will be payable quarterly in arrears on the 15th day of each January, April, July and October (each, a "dividend payment date") with respect to the immediately preceding dividend period; provided that if any dividend payment date is not a business day, as defined in the articles supplementary filed with the State Department of Assessment and Taxation of Maryland on May 31, 2013, setting forth the terms of the Series B Preferred Stock (as amended, the "Series B Articles Supplementary"), then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day and no interest, additional dividends or other sums will accumulate on the amount so payable for the period from and after that dividend payment date to that next succeeding business day. Any dividend payable on our Series B Preferred Stock, including dividends payable for any partial dividend period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in our stock records for our Series B Preferred Stock at the close of business on the applicable record date, which will be the first day of the calendar month, whether or not a business day, in which the applicable dividend payment date falls (each, a "dividend record date").

No dividends on shares of our Series B Preferred Stock may be authorized by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on our Series B Preferred Stock accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on our Series B Preferred Stock which may be in arrears, and holders of our Series B Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on our Series B Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future dividends on our common stock and preferred stock, including our Series B Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, applicable law, any debt service requirements and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on our Series B Preferred Stock or what the actual dividends will be for any future period.

Unless full cumulative dividends on our Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods, no dividends (other than in shares of our Junior Stock) may be declared or paid or set apart for payment upon shares of our Junior Stock or our Parity Stock, nor may any other distribution be declared or made upon shares of our Junior Stock or our Parity Stock. In addition, shares of our Junior Stock or our Parity Stock may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for our Junior Stock and except for transfers made pursuant to the provisions of our charter relating to restrictions on transfer and ownership of our capital stock). The foregoing will not, however, prevent the purchase or acquisition by us of shares of any class or series of stock pursuant to the provisions of our charter relating to restrictions on transfer and ownership of our stock in connection with our status as a REIT or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of our Series B Preferred Stock and our Parity Stock.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon our Series B Preferred Stock and our other Parity Stock, all dividends declared upon our Series B Preferred Stock and such other Parity Stock must be declared pro rata so that the amount of dividends declared per share of our Series B Preferred Stock and such other Parity Stock will in all cases bear to each other the same ratio that accumulated dividends per share on our Series B Preferred Stock and such other Parity Stock (which will not include any accrual in respect of unpaid dividends for prior dividend periods if such other Parity Stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, will be payable in respect of any dividend payment or payments on our Series B Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of our Series B Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any class or series of our Senior Stock, a liquidation preference of $25.00 per share, plus an amount equal to any accumulated and unpaid dividends (whether or not earned or declared) to, but not including, the date of payment, before any distribution of assets is made to holders of our Junior Stock.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of our Series B Preferred Stock and the corresponding amounts payable on all shares of our other Parity Stock, then the holders of our Series B Preferred Stock and all other such Parity Stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Holders of our Series B Preferred Stock are entitled to written notice of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of our Series B Preferred Stock will have no right or claim to any of our remaining assets. The consolidation or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, will not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of stock or otherwise, is permitted under Maryland law with respect to any share of any class or series of our stock, amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series B Preferred Stock will not be added to our total liabilities.

Redemption

Optional Redemption. We may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem our Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem our Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption. If, prior to the Change of Control Conversion Date (as defined below), we have provided notice of our election to redeem some or all of the shares of our Series B Preferred Stock (whether pursuant to our optional redemption right described above under "—Optional Redemption" or this special optional redemption right), the holders of our Series B Preferred Stock will not have the Change of Control Conversion Right (as defined below) described below under "—Conversion Rights" with respect to the shares called for redemption.

A "Change of Control" is deemed to occur when the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting power of all our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on a successor to the foregoing exchanges.

Redemption Procedures. In the event we elect to redeem our Series B Preferred Stock pursuant to our optional redemption right described under "—Optional Redemption" or our special optional redemption right described under "—Special Optional Redemption," the notice of redemption will be mailed to each holder of record of our Series B Preferred Stock called for redemption at such holder's address as it appears on our stock transfer records and will state the following:

- the redemption date;

- the number of shares of our Series B Preferred Stock to be redeemed;

- the redemption price;

- the place or places where certificates (if any) for our Series B Preferred Stock are to be surrendered for payment of the redemption price;

- that dividends on the shares to be redeemed will cease to accumulate on the redemption date;

- whether such redemption is being made pursuant to the provisions described above under "—Optional Redemption" or "—Special Optional Redemption";

- if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and

- if such redemption is being made in connection with a Change of Control, that the holders of the shares of our Series B Preferred Stock being so called for redemption will not be able to tender such shares of our Series B Preferred Stock for conversion in connection with the Change of Control and that each share of our Series B Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of our Series B Preferred Stock held by any holder is to be redeemed, the notice mailed to such holder will also specify the number of shares of our Series B Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof will affect the validity of the proceedings for the redemption of any shares of our Series B Preferred Stock, except as to the holder to whom notice was defective or not given. Notwithstanding the foregoing, no notice of redemption will be required where we elect to redeem Series B Preferred Stock to preserve our status as a REIT.

Holders of shares of our Series B Preferred Stock to be redeemed must surrender such shares at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of our Series B Preferred Stock has been given and if we have irrevocably set apart for payment the funds necessary for redemption in trust for the benefit of the holders of the shares of our Series B Preferred Stock so called for redemption, then from and after the redemption date (unless we default in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of our Series B Preferred Stock, those shares of our Series B Preferred Stock will no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding shares of our Series B Preferred Stock are to be redeemed, the shares of our Series B Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method we determine that will not result in the automatic transfer of any shares of our Series B Preferred Stock to a trust as described below under "—Restrictions on Transfer and Ownership."

Immediately prior to any redemption of our Series B Preferred Stock, we will pay, in cash, any accumulated and unpaid dividends to, but not including, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of our Series B Preferred Stock at the close of business on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of our Series B Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of our Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past dividend periods, no shares of our Series B Preferred Stock may be redeemed unless all outstanding shares of our Series B Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of our Series B Preferred Stock (except by exchanging it for our Junior Stock); provided, however, that the foregoing will not prevent the purchase or acquisition by us of shares of our Series B Preferred Stock to preserve our REIT status for federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of our Series B Preferred Stock.

Subject to applicable law, we may purchase shares of our Series B Preferred Stock in the open market, by tender or by private agreement. Any shares of our Series B Preferred Stock that we acquire may be retired and re-classified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of our Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of our Series B Preferred Stock held by such holder as described above under "—Redemption," in which case such holder will have the right only with respect to shares of our Series B Preferred Stock that are not called for redemption) to convert some or all of the shares of our Series B Preferred Stock held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of shares of our common stock per share of our Series B Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of our Series B Preferred Stock plus the amount of any accumulated and unpaid dividends whether or not earned or declared thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for our Series B Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends will be included in this sum) by (ii) the Common Stock Price, as defined below (such quotient, the "Conversion Rate"); and

- 7.2359, or the "Share Cap," subject to certain adjustments as described below.

Notwithstanding anything in the Series B Articles Supplementary to the contrary and except as otherwise required by law, the persons who are the holders of record of shares of our Series B Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of our Series B Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a "Share Split") with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of our Series B Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of our Series B Preferred Stock will receive upon conversion of such shares of our Series B Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"). The Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever is applicable to a Change of Control, is referred to as the "Conversion Consideration."

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of our Series B Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all shares of our Series B Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of our Series B Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice will be delivered to the holders of record of the shares of Series B Preferred Stock to their addresses as they appear on our stock records. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of our Series B Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of our Series B Preferred Stock, holders will not be able to convert the shares of our Series B Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of our Series B Preferred Stock;
- the name and address of the paying agent, transfer agent and conversion agent for our Series B Preferred Stock;

• the procedures that the holders of our Series B Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and

• the last date on which holders of our Series B Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we also will issue a press release containing such notice for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of our Series B Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of our Series B Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of our Series B Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of our Series B Preferred Stock held in book-entry form through a Depositary or shares directly registered with the transfer agent therefor, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of our Series B Preferred Stock to be converted through the facilities of such Depositary or through such transfer agent, respectively), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

• the relevant Change of Control Conversion Date;

• the number of shares of our Series B Preferred Stock to be converted; and

• that the shares of our Series B Preferred Stock are to be converted pursuant to the applicable provisions of our Series B Preferred Stock.

The "Change of Control Conversion Date" is the date our Series B Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of our Series B Preferred Stock.

The "Common Stock Price" is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common stock is not then listed for trading on a U.S. securities exchange.

Holders of our Series B Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

• the number of withdrawn shares of our Series B Preferred Stock;

• if certificated shares of our Series B Preferred Stock has been surrendered for conversion, the certificate numbers of the withdrawn shares of our Series B Preferred Stock; and

• the number of shares of our Series B Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of our Series B Preferred Stock are held in book-entry form through The Depository Trust Company (the "DTC"), or a similar depositary (each, a "Depositary"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depositary.

Our Series B Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of our Series B Preferred Stock, as described above under "—Redemption," in which case only the shares of our Series B Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of our Series B Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of our Series B Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of shares of our Series B Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of our Series B Preferred Stock, no holder of our Series B Preferred Stock will be entitled to convert such shares of our Series B Preferred Stock into shares of our common stock to the extent that receipt of such shares of our common stock would cause such holder (or any other person) to violate the applicable restrictions on transfer and ownership of our stock contained in our charter, unless we provide an exemption from this limitation to such holder. Please see the sections entitled "—Restrictions on Transfer and Ownership" below and "Description of Common Stock—Restrictions on Ownership and Transfer" and "Description of Preferred Stock—Our Series B Preferred Stock—Restrictions on Ownership and Transfer” hereto.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, our Series B Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of our Series B Preferred Stock do not have any voting rights, except as set forth below.

Whenever dividends on any shares of our Series B Preferred Stock are in arrears for six or more quarterly dividend periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of our Parity Stock upon which like voting rights have been conferred and are exercisable) and the holders of our Series B Preferred Stock, voting as a single class with all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of our Series B Preferred Stock and all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which case, such vote will be held at the earlier of the next annual or special meeting of the stockholders), and at each subsequent annual meeting until all dividends accumulated on our Series B Preferred Stock for all past dividend periods and the then current dividend period will have been fully paid or declared and a sum sufficient for the payment thereof set apart for payment. In that case, the right of holders of our Series B Preferred Stock to elect any directors will cease and, unless there are other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable, the term of office of any directors elected by holders of our Series B Preferred Stock will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. For the avoidance of doubt, in no event will the total number of directors elected by holders of our Series B Preferred Stock (voting together as a separate class with all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable) pursuant to these voting rights exceed two.

If a special meeting is not called by us within 30 days after request from the holders of our Series B Preferred Stock as described above, then the holders of record of at least 25% of the outstanding shares of our Series B Preferred Stock may designate a holder to call the meeting at our expense.

On each matter on which holders of our Series B Preferred Stock are entitled to vote, each share of our Series B Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our preferred stock we may issue, including the Parity Stock, have the right to vote with our Series B Preferred Stock as a single class on any matter, our Series B Preferred Stock, the Parity Stock and the shares of each such other class or series will have one vote for each $25.00 of liquidation preference (excluding accumulated dividends). If, at any time when the voting rights conferred upon our Series B Preferred Stock are exercisable, any vacancy in the office of a director elected by the holders of our Series B Preferred Stock and the Parity Stock upon which like voting rights have been conferred and are exercisable occurs, then such vacancy may be filled only by the remaining such director or by vote of the holders of record of our outstanding Series B Preferred Stock and any other classes or series of Parity Stock which like voting rights have been conferred and are exercisable.

Any director elected by holders of shares of Series B Preferred Stock and any class or series of Parity Stock upon which like voting rights have been conferred and are exercisable may be removed at any time, with or without cause, only by the vote of, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of Series B Preferred Stock and any such class or series of Parity Stock when they have the voting rights described above (voting as a single class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable).

So long as any shares of our Series B Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of our Series B Preferred Stock outstanding at the time, voting together as a single class with all series of our Parity Stock upon which like voting rights have been conferred and are exercisable, given in person or by proxy, either in writing or at a meeting, (a) authorize or create, or increase the authorized or issued amount of, any class or series of our Senior Stock or reclassify any of our authorized capital stock into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (b) amend, alter or repeal the provisions of our charter, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of our Series B Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in (b) above, so long as our Series B Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon an occurrence of an Event, we may not be the surviving entity, the occurrence of any such Event will not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of our Series B Preferred Stock and, provided further, that any increase in the amount of the authorized common stock or preferred stock, including our Outstanding Series of Preferred Stock, or the creation or issuance of any additional shares of our Outstanding Series of or other series of our Junior Stock or Parity Stock, or any increase in the amount of authorized shares of such series, will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers. Notwithstanding the foregoing, holders of any Parity Stock will not be entitled to vote together as a class with the holders of our Series B Preferred Stock on any amendment, alteration or repeal of our charter unless such action affects the holders of our Series B Preferred Stock and such Parity Stock equally.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of our Series B Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds will have been deposited in trust to effect such redemption.

Except as expressly stated in the Series B Articles Supplementary, our Series B Preferred Stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof will not be required for the taking of any corporate action. The holders of our Series B Preferred Stock will have exclusive voting rights on any amendment to our charter that would alter the contract rights, as expressly set forth in the charter, of only our Series B Preferred Stock.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of our Series B Preferred Stock are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of our Series B Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of our Series B Preferred Stock. We will use our best efforts to mail (or otherwise provide) the information to the holders of our Series B Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Transfer and Ownership

The Series B Articles Supplementary provide that the aggregate stock ownership limitation included in our charter (as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto) applies to ownership of shares of our Series B Preferred Stock. Our charter provides that generally no person may own, or be deemed to own by virtue of the attribution provisions of the Code, either (i) more than 9.9% in value of the aggregate of our outstanding shares of capital stock or (ii) more than 9.9% in value or number of shares, whichever is more restrictive, of the aggregate of shares of our outstanding common stock. See "Description of Common Stock—Restrictions on Ownership and Transfer" hereto. No holder of our Series B Preferred Stock will be entitled to convert any shares of our Series B Preferred Stock into shares of our common stock to the extent that receipt of shares of our common stock would cause such holder or any other person to exceed the ownership limits contained in our charter. Our board of directors may, in its sole discretion, exempt a person from any of the ownership limits, as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto.

Preemptive Rights

No holders of our Series B Preferred Stock will, as holders of our Series B Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any of our other securities.

Listing

Our Series B Preferred Stock listed on Nasdaq under the symbol “NYMTP.”

Our Series C Preferred Stock

Terms defined in this " Our Series C Preferred Stock" section have the meanings ascribed to such terms herein only when used in this " Our Series C Preferred Stock" section.

Maturity

The Series C Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series C Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under "—Conversion Rights." We are not required to set apart for payment the funds to redeem the Series C Preferred Stock.

Ranking

The Series C Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

(1) senior to all classes or series of our Junior Stock;

(2) on a parity with our Parity Stock;

(3) junior to any of our Senior Stock; and

(4) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into our common stock or preferred stock) and to the indebtedness of our existing and future subsidiaries.

Dividends

Holders of shares of the Series C Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 7.875% of the $25.00 per share liquidation preference per annum (equivalent to $1.96875 per annum per share). Dividends on the Series C Preferred Stock will accumulate daily and be cumulative from, but excluding, the dividend payment date (as defined below) immediately preceding the date of issuance of such shares and will be payable quarterly in arrears on the 15th day of each January, April, July and October (each, a "dividend payment date") with respect to the immediately preceding dividend period; provided that if any dividend payment date is not a business day, as defined in the articles supplementary filed with the State Department of Assessment and Taxation of Maryland on April 21, 2015, setting forth the terms of the Series C Preferred Stock (as amended, the "Series C Articles Supplementary"), then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day and no interest, additional dividends or other sums will accumulate on the amount so payable for the period from and after that dividend payment date to that next succeeding business day. Any dividend payable on the Series C Preferred Stock, including dividends payable for any partial dividend period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in our stock records for the Series C Preferred Stock at the close of business on the applicable record date, which will be the first day of the calendar month, whether or not a business day, in which the applicable dividend payment date falls (each, a "dividend record date").

No dividends on shares of Series C Preferred Stock may be authorized by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series C Preferred Stock will accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series C Preferred Stock which may be in arrears, and holders of the Series C Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series C Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future dividends on our common stock and preferred stock, including the Series C Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, applicable law, any debt service requirements and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on our preferred stock or what the actual dividends will be for any future period.

Unless full cumulative dividends on the Series C Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods, no dividends (other than in shares of our Junior Stock) may be declared or paid or set apart for payment upon shares of our Junior Stock or our Parity Stock, nor may any other distribution be declared or made upon shares of our Junior Stock or our Parity Stock. In addition, shares of our Junior Stock or our Parity Stock may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for our Junior Stock and except for transfers made pursuant to the provisions of our charter relating to restrictions on transfer and ownership of our capital stock). The foregoing will not, however, prevent the purchase or acquisition by us of shares of any class or series of stock pursuant to the provisions of our charter relating to restrictions on transfer and ownership of our stock in connection with our status as a REIT or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series C Preferred Stock and our Parity Stock.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series C Preferred Stock and our other Parity Stock, all dividends declared upon the Series C Preferred Stock and such other Parity Stock must be declared pro rata so that the amount of dividends declared per share of Series C Preferred Stock and such other Parity Stock will in all cases bear to each other the same ratio that accumulated dividends per share on the Series C Preferred Stock and such other Parity Stock (which will not include any accrual in respect of unpaid dividends for prior dividend periods if such Parity Stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, will be payable in respect of any dividend payment or payments on the Series C Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of Series C Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any class or series of our Senior Stock, a liquidation preference of $25.00 per share, plus an amount equal to any accumulated and unpaid dividends (whether or not earned or declared) to, but not including, the date of payment, before any distribution of assets is made to holders of our Junior Stock.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Series C Preferred Stock and the corresponding amounts payable on all shares of our other Parity Stock, then the holders of the Series C Preferred Stock and all other such classes or series of such Parity Stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Holders of Series C Preferred Stock will be entitled to written notice of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series C Preferred Stock will have no right or claim to any of our remaining assets. The consolidation or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, will not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of stock or otherwise, is permitted under Maryland law with respect to any share of any class or series of our stock, amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series C Preferred Stock will not be added to our total liabilities.

Redemption

The Series C Preferred Stock is not redeemable by us prior to April 22, 2020, except under circumstances where it is necessary to preserve our qualification as a REIT for U.S. federal income tax purposes (please see "—Restrictions on Transfer and Ownership" below and "Description of Common Stock—Restrictions on Ownership and Transfer" and "Description of Preferred Stock—Our Series C Preferred Stock —Restrictions on Ownership" hereto) and except as described below under "—Special Optional Redemption" upon the occurrence of a Change of Control (as defined below).

Optional Redemption. On and after April 22, 2020, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon to, but not including, the date fixed for redemption. If, prior to the Change of Control Conversion Date (as defined below), we have provided notice of our election to redeem some or all of the shares of Series C Preferred Stock (whether pursuant to our optional redemption right described above under "—Optional Redemption" or this special optional redemption right), the holders of Series C Preferred Stock will not have the Change of Control Conversion Right (as defined below) described below under "—Conversion Rights" with respect to the shares called for redemption.

A "Change of Control" is deemed to occur when, after the original issuance of the Series C Preferred Stock, the following have occurred and are continuing:

• the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our capital stock entitling that person to exercise more than 50% of the total voting power of all our capital stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

• following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on a successor to the foregoing exchanges.

Redemption Procedures. In the event we elect to redeem Series C Preferred Stock pursuant to our optional redemption right described under "—Optional Redemption" or our special optional redemption right described under "—Special Optional Redemption," the notice of redemption will be mailed to each holder of record of Series C Preferred Stock called for redemption at such holder's address as it appears on our stock transfer records and will state the following:

• the redemption date;

• the number of shares of Series C Preferred Stock to be redeemed;

• the redemption price;

• the place or places where certificates (if any) for the Series C Preferred Stock are to be surrendered for payment of the redemption price;

• that dividends on the shares to be redeemed will cease to accumulate on the redemption date;

• whether such redemption is being made pursuant to the provisions described above under "—Optional Redemption" or "—Special Optional Redemption";

• if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and

• if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series C Preferred Stock being so called for redemption will not be able to tender such shares of Series C

Preferred Stock for conversion in connection with the Change of Control and that each share of Series C Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the Series C Preferred Stock held by any holder is to be redeemed, the notice mailed to such holder will also specify the number of shares of Series C Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof will affect the validity of the proceedings for the redemption of any shares of Series C Preferred Stock, except as to the holder to whom notice was defective or not given. Notwithstanding the foregoing, no notice of redemption will be required where we elect to redeem Series C Preferred Stock to preserve our status as a REIT.

Holders of shares of Series C Preferred Stock to be redeemed must surrender such shares at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of Series C Preferred Stock has been given and if we have irrevocably set apart for payment the funds necessary for redemption in trust for the benefit of the holders of the shares of Series C Preferred Stock so called for redemption, then from and after the redemption date (unless we default in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of Series C Preferred Stock, those shares of Series C Preferred Stock will no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding shares of Series C Preferred Stock are to be redeemed, the shares of Series C Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method we determine that will not result in the automatic transfer of any shares of Series C Preferred Stock to a trust as described below under "—Restrictions on Transfer and Ownership."

Immediately prior to any redemption of Series C Preferred Stock, we will pay, in cash, any accumulated and unpaid dividends to, but not including, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series C Preferred Stock at the close of business on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series C Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of Series C Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past dividend periods, no shares of Series C Preferred Stock may be redeemed unless all outstanding shares of Series C Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of Series C Preferred Stock (except by exchanging it for our Junior Stock); provided, however, that the foregoing will not prevent the purchase or acquisition by us of shares of Series C Preferred Stock to preserve our REIT status for federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series C Preferred Stock.

Subject to applicable law, we may purchase shares of Series C Preferred Stock in the open market, by tender or by private agreement. Any shares of Series C Preferred Stock that we acquire may be retired and re-classified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series C Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series C Preferred Stock held by such holder as described above under "—Redemption," in which case such holder will have the right only with respect to shares of Series C Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series C Preferred Stock held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of shares of our common stock per share of Series C Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series C Preferred Stock plus the amount of any accumulated and unpaid dividends whether or not earned or declared thereon to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series C Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends will be included in this sum) by (ii) the Common Stock Price, as defined below (such quotient, the "Conversion Rate"); and

- 6.39386, or the "Share Cap," subject to certain adjustments as described below.

Anything in the Series C Articles Supplementary to the contrary notwithstanding and except as otherwise required by law, the persons who are the holders of record of shares of Series C Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of Series C Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a "Share Split") with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series C Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of Series C Preferred Stock will receive upon conversion of such shares of the Series C Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"). The Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever will be applicable to a Change of Control, is referred to as the "Conversion Consideration."

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series C Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all shares of Series C Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of Series C Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice will be delivered to the holders of record of the shares of Series C Preferred Stock to their addresses as they appear on our stock records. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of Series C Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of Series C Preferred Stock, holders will not be able to convert the shares of Series C Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series C Preferred Stock;
- the name and address of the paying agent, transfer agent and conversion agent for the Series C Preferred Stock;
- the procedures that the holders of Series C Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and
- the last date on which holders of Series C Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we also will issue a press release containing such notice for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series C Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of Series C Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series C Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series C Preferred Stock held in book-entry form through a Depositary or shares directly registered with the transfer agent therefor, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series C Preferred Stock to be converted through the facilities of such Depositary or through such transfer agent, respectively), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

- the relevant Change of Control Conversion Date;
- the number of shares of Series C Preferred Stock to be converted; and
- that the shares of the Series C Preferred Stock are to be converted pursuant to the applicable provisions of the Series C Preferred Stock.

The "Change of Control Conversion Date" is the date the Series C Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series C Preferred Stock.

The "Common Stock Price" is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common stock is not then listed for trading on a U.S. securities exchange.

Holders of Series C Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

- the number of withdrawn shares of Series C Preferred Stock;
- if certificated shares of Series C Preferred Stock has been surrendered for conversion, the certificate numbers of the withdrawn shares of Series C Preferred Stock; and
- the number of shares of Series C Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of Series C Preferred Stock are held in book-entry form through The Depository Trust Company (the "DTC") or a similar depositary (each, a "Depositary"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depositary.

Series C Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of Series C Preferred Stock, as described above under "—Redemption," in which case only the shares of Series C Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of Series C Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series C Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of shares of the Series C Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of the Series C Preferred Stock, no holder of Series C Preferred Stock will be entitled to convert such shares of the Series C Preferred Stock into shares of our common stock to the extent that receipt of such shares of common stock would cause such holder (or any other person) to violate the applicable restrictions on transfer and ownership of our stock contained in our charter, unless we provide an exemption from this limitation to such holder. Please see the section entitled "—Restrictions on Transfer and Ownership" below and "Description of Common Stock—Restrictions on Ownership and Transfer" hereto.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series C Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of the Series C Preferred Stock will not have any voting rights, except as set forth below.

Whenever dividends on any shares of Series C Preferred Stock are in arrears for six or more quarterly dividend periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of our Parity Stock upon which like voting rights have been conferred and are exercisable) and the holders of Series C Preferred Stock, voting as a single class with all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series C Preferred Stock and all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which case, such vote will be held at the earlier of the next annual or special meeting of the stockholders), and at each subsequent annual meeting until all dividends accumulated on the Series C Preferred Stock for all past dividend periods and the then current dividend period will have been fully paid or declared and a sum sufficient for the payment thereof set apart for payment. In that case, the right of holders of the Series C Preferred Stock to elect any directors will cease and, unless there are other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable, the term of office of any directors elected by holders of the Series C Preferred Stock will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. For the avoidance of doubt, in no event will the total number of directors elected by holders of the Series C Preferred Stock (voting together as a separate class with all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable) pursuant to these voting rights exceed two.

If a special meeting is not called by us within 30 days after request from the holders of Series C Preferred Stock as described above, then the holders of record of at least 25% of the outstanding shares of Series C Preferred Stock may designate a holder to call the meeting at our expense.

On each matter on which holders of Series C Preferred Stock are entitled to vote, each share of Series C Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our preferred stock we may issue, including the Parity Stock, have the right to vote with the Series C Preferred Stock as a single class on any matter, the Series C Preferred Stock, the Parity Stock and the shares of each such other class or series will have one vote for each $25.00 of liquidation preference (excluding accumulated dividends). If, at any time when the voting rights conferred upon the Series C Preferred Stock are exercisable, any vacancy in the office of a director elected by the holders of the Series C Preferred Stock and any other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable occurs, then such vacancy may be filled only by the remaining such director or by vote of the holders of record of the outstanding Series C Preferred Stock and any other classes or series of Parity Stock.

Any director elected by holders of shares of Series C Preferred Stock and any class or series of Parity Stock upon which like voting rights have been conferred and are exercisable may be removed at any time, with or without cause, only by the vote of, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of Series C Preferred Stock and any such class or series of Parity Stock when they have the voting rights described above (voting as a single class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable).

So long as any shares of Series C Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Series C Preferred Stock outstanding at the time, voting together as a single class with all series of our Parity Stock upon which like voting rights have been conferred and are exercisable, given in person or by proxy, either in writing or at a meeting, (a) authorize or create, or increase the authorized or issued amount of, any class or series of our Senior Stock or reclassify any of our authorized capital stock into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (b) amend, alter or repeal the provisions of our charter, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series C Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in (b) above, so long as the Series C Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon an occurrence of an Event, we may not be the surviving entity, the occurrence of any such Event will not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series C Preferred Stock and, provided further, that any increase in the amount of the authorized common stock or preferred stock, including the Outstanding Series of Preferred Stock, or the creation or issuance of any additional shares of our Junior Stock or our Parity Stock, or any increase in the amount of authorized shares of such series, will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers. Notwithstanding the foregoing, holders of any Parity Stock will not be entitled to vote together as a class with the holders of Series C Preferred Stock on any amendment, alteration or repeal of our charter unless such action affects the holders of the Series C Preferred Stock and such Parity Stock equally.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of Series C Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds will have been deposited in trust to effect such redemption.

Except as expressly stated in the Series C Articles Supplementary, the Series C Preferred Stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof will not be required for the taking of any corporate action. The holders of Series C Preferred Stock will have exclusive voting rights on any amendment to our charter that would alter the contract rights, as expressly set forth in the charter, of only the Series C Preferred Stock.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series C Preferred Stock are outstanding, we will use our best efforts to (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series C Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of Series C Preferred Stock. We will use our best efforts to mail (or otherwise provide) the information to the holders of the Series C Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Transfer and Ownership

The Series C Articles Supplementary provide that the aggregate stock ownership limitation included in our charter (as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto) applies to ownership of shares of Series C Preferred Stock. Our charter provides that generally no person may own, or be deemed to own by virtue of the attribution provisions of the Code, either (i) more than 9.9% in value of the aggregate of our outstanding shares of capital stock or (ii) more than 9.9% in value or number of shares, whichever is more restrictive, of the aggregate of shares of our outstanding common stock. See "Description of Common Stock—Restrictions on Ownership and Transfer" hereto. No holder of Series C Preferred Stock will be entitled to convert any shares of Series C Preferred Stock into shares of our common stock to the extent that receipt of shares of our common stock would cause such holder or any other person to exceed the ownership limits contained in our charter. Our board of directors may, in its sole discretion, exempt a person from any of the ownership limits, as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto.

Preemptive Rights

No holders of the Series C Preferred Stock will, as holders of Series C Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any of our other securities.

Listing

Our Series C Preferred Stock listed on Nasdaq under the symbol “NYMTO.”

Our Series D Preferred Stock

Terms defined in this " Our Series D Preferred Stock" section have the meanings ascribed to such terms herein only when used in this " Our Series D Preferred Stock" section.

Maturity

The Series D Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series D Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under "—Conversion Rights." We are not required to set apart for payment the funds to redeem the Series D Preferred Stock.

Ranking

The Series D Preferred Stock ranks, with respect to rights to the payment of dividends and other distributions and the distribution of assets upon our liquidation, dissolution or winding up:

- senior to all classes or series of our Junior Stock;
- on a parity with our Parity Stock;
- junior to any of our Senior Stock; and
- effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common stock or preferred stock) and the indebtedness of our existing and future subsidiaries.

Dividends

Holders of shares of the Series D Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends at a rate of 8.00% of the $25.00 per share liquidation preference per annum (equivalent to $2.00 per annum per share) to, but excluding, October 15, 2027 (the "Fixed Rate Period"). On and after October 15, 2027 (the

"Floating Rate Period"), dividends on the Series D Preferred Stock will accumulate at a percentage of the $25.00 liquidation preference equal to an annual floating rate of the three-month LIBOR (as defined below) as calculated on each applicable Dividend Determination Date (as defined below) plus a spread of 5.695%. Dividends on the Series D Preferred Stock will accumulate daily and be cumulative from, but excluding, the dividend payment date (as defined below) immediately preceding the date of issuance of such shares and will be payable quarterly in arrears on the 15th day of each January, April, July and October (each, a "dividend payment date"); provided that if any dividend payment date is not a business day, as defined in the articles supplementary filed with the State Department of Assessment and Taxation of Maryland on October 10, 2017, setting forth the terms of the Series D Preferred Stock (as amended, the "Series D Articles Supplementary"), then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day with the same force and effect as if paid on such dividend payment date. No interest, additional dividends or sums in lieu of interest will be payable for the period from and after that dividend payment date to that next succeeding business day. Any dividends payable on the Series D Preferred Stock during the Fixed Rate Period, including dividends payable for any partial Dividend Period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Any dividends payable on the Series D Preferred Stock during the Floating Rate Period, including dividends payable for any partial Dividend Period, will be computed by multiplying the floating rate for that Dividend Period by a fraction, the numerator of which will be the actual number of days elapsed during that Dividend Period and the denominator of which will be 360, and by multiplying the result by the aggregate liquidation preference of the Series D Preferred Stock. Dividends will be payable to holders of record as they appear on our stock records at the close of business on the applicable record date, which will be the first day of the calendar month (whether or not a business day) in which the applicable Dividend Payment Date falls (each, a "dividend record date"). The dividends payable on any dividend payment date will include dividends accumulated to, but not including, such dividend payment date.

On any Dividend Determination Date, "three-month LIBOR" will be equal to the offered rate for deposits in U.S. dollars having an index maturity of three months, in amounts of at least $1,000,000, as such rate appears on "Reuters Page LIBOR01" (or any successor or replacement page) at approximately 11:00 a.m., London time, on such Dividend Determination Date. If on a Dividend Determination Date, such rate does not appear on the "Reuters Page LIBOR01" as of 11:00 a.m., London time, or if the "Reuters Page LIBOR01" is not available on such date, the calculation agent will obtain such rate from Bloomberg L.P.'s page "BBAM" (or any successor or replacement page). If the calculation agent determines that three-month LIBOR has been discontinued, then it will determine whether to use a substitute or successor base rate that it has determined in its sole discretion is most comparable to three-month LIBOR, provided that if the calculation agent determines there is an industry accepted successor base rate, the calculation agent will use such successor base rate. If the calculation agent has determined a substitute or successor base rate in accordance with the foregoing, the calculation agent in its sole discretion may also implement changes to the business day convention, the definition of business day, the Dividend Determination Date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant business day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. Unless the calculation agent determines to use a substitute or successor base rate as so provided, the following will apply: If no offered rate appears on "Reuters Page LIBOR01" (or any successor or replacement page) or Bloomberg L.P. page "BBAM" (or any successor or replacement page) on a Dividend Determination Date at approximately 11:00 a.m., London time, then the calculation agent (after consultation with us) will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time, that is representative of single transactions at that time. If at least two quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided. Otherwise, the calculation agent will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by them at approximately 11:00 a.m., New York City time, on the Dividend Determination Date for loans in U.S. dollars to leading European banks having an index maturity of three months for the applicable interest period in an amount of at least $1,000,000 that is representative of single transactions at that time. If three quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided. If no quotation is provided as described above, then the calculation agent, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate three-month LIBOR or any of the foregoing lending rates, will determine three-month

LIBOR for the second London Business Day (as defined below) immediately preceding the first day of such Dividend Period in its sole discretion.

The calculation agent's determination of any interest rate, and its calculation of the amount of dividends for any Dividend Period, will be on file at our principal offices, will be made available to any holder of Series D Preferred Stock upon request and will be final and binding in the absence of manifest error.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

"Dividend Determination Date" means the London Business Day immediately preceding the first date of the applicable Dividend Period.

"Dividend Period" means the period from, and including, a dividend payment date to, but excluding, the next succeeding dividend payment date.

"London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

"Reuters Page LIBOR01" means the display so designated on the Reuters 3000 Xtra (or such other page as may replace the LIBOR01 page on that service, or such other service as may be nominated by the ICE Benchmark Administration Limited, or ICE, or its successor, or such other entity assuming the responsibility of ICE or its successor in the event ICE or its successor no longer does so, as the successor service, for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

No dividends on shares of Series D Preferred Stock may be authorized by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series D Preferred Stock will accumulate whether or not (i) the terms and provisions of any laws or agreements referred to in the preceding paragraph at any time prohibit the current payment of dividends, (ii) we have earnings, (iii) there are funds legally available for the payment of those dividends and (iv) those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series D Preferred Stock which may be in arrears, and holders of Series D Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series D Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future dividends on our common stock and preferred stock, including the Series D Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, applicable law, any debt service requirements and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on the Series D Preferred Stock or what the actual dividends will be for any future period.

Except as noted below, unless full cumulative dividends on the Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past Dividend Periods, no dividends (other than in shares of our Junior Stock) may be declared or paid or set apart for payment upon our Junior Stock or our Parity Stock and no other distribution may be declared or made upon our Junior Stock or our Parity Stock. In addition, our Junior Stock or Parity Stock may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such securities) by us (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our Junior Stock or pursuant to an exchange offer made on the same terms to all holders of Series D Preferred Stock and all Parity Stock). The foregoing will not, however, prevent the redemption, purchase or acquisition by us of shares of any class or series of stock for the purpose of enforcing restrictions on transfer and ownership of our stock contained in our charter, including in order to preserve our qualification as a REIT for U.S. federal income tax purposes, or the redemption, purchase or acquisition by us of shares of our common stock for purposes of and in compliance with any incentive or benefit plan of ours.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series D Preferred Stock and our Parity Stock, all dividends declared upon the Series D Preferred Stock and such Parity Stock must be declared pro rata so that the amount of dividends declared per share of Series D Preferred Stock and such Parity Stock will in all cases bear to each other the same ratio that accumulated dividends per share on the Series D Preferred Stock and such Parity Stock (which will not include any accrual in respect of unpaid dividends for prior Dividend Periods if such other Parity Stock do not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, will be payable in respect of any dividend payment or payments on the Series D Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of Series D Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any classes or series of our Senior Stock, a liquidation preference of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the payment date, before any distribution of assets is made to holders of Junior Stock; and the holders of Series D Preferred Stock will not be entitled to any further payment.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of our Series D Preferred Stock and the corresponding amounts payable on all shares of our other Parity Stock, then the holders of our Series D Preferred Stock and all other such Parity Stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Notice of any such liquidation will be given no fewer than 30 days and no more than 60 days prior to the payment date, to each holder of record of Series D Preferred Stock at the address of such holder as it appears on our stock records. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of our remaining assets. The consolidation, conversion or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, the sale, lease, transfer or conveyance of all or substantially all of our property or business or a statutory share exchange, will not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of stock or otherwise, is permitted under Maryland law with respect to any share of any class or series of our stock, amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series D Preferred Stock will not be added to our total liabilities.

Redemption

The Series D Preferred Stock is not redeemable by us prior to October 15, 2027, except under circumstances where it is necessary to preserve our qualification as a REIT for U.S. federal income tax purposes (please see "—Restrictions on Transfer and Ownership" below and "Description of Common Stock—Restrictions on Ownership and Transfer" hereto) and except as described below under "—Special Optional Redemption" upon the occurrence of a Change of Control (as defined below).

Optional Redemption. On and after October 15, 2027, we may, at our option, upon not less than 30 nor more than 60 days' notice, redeem the Series D Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days' notice, redeem the Series D Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date. If, prior to the Change of Control Conversion Date (as defined below), we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock (whether pursuant to our optional redemption right described above under "—Optional Redemption" or this special optional redemption right), the holders of Series D Preferred Stock will not have the Change of Control Conversion Right (as defined below) described below under "—Conversion Rights" with respect to the shares called for redemption.

A "Change of Control" is deemed to occur when, after the original issuance of the Series D Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our capital stock entitling that person to exercise more than 50% of the total voting power of all our capital stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on a successor to the foregoing exchanges.

Redemption Procedures. In the event we elect to redeem Series D Preferred Stock pursuant to our optional redemption right or our special optional redemption right, the notice of redemption will be given to each holder of record of Series D Preferred Stock called for redemption at such holder's address as it appears on our stock records and will state the following:

- the redemption date;

- the number of shares of Series D Preferred Stock to be redeemed;

- the redemption price;

- the place or places where certificates (if any) for the Series D Preferred Stock are to be surrendered for payment of the redemption price;

- that dividends on the shares to be redeemed will cease to accumulate on the redemption date;

- if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and

- if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series D Preferred Stock being so called for redemption will not be able to tender such shares of Series D Preferred Stock for conversion in connection with the Change of Control and that each share of Series D Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the Series D Preferred Stock held by any holder is to be redeemed, the notice given to such holder will also specify the number of shares of Series D Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the redemption of any shares of Series D Preferred Stock, except as to the holder to whom notice was defective or not given. Notwithstanding the foregoing, no notice of redemption will be required where we elect to redeem Series D Preferred Stock to preserve our status as a REIT.

Holders of shares of Series D Preferred Stock to be redeemed must surrender such shares at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender.

If notice of redemption of any shares of Series D Preferred Stock has been given and if we have irrevocably set apart for payment the funds necessary for redemption (including any accumulated and unpaid dividends) in trust for the benefit of the holders of the shares of Series D Preferred Stock so called for redemption, then from and after the redemption date (unless we default in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of Series D Preferred Stock, those shares of Series D Preferred Stock will no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption.

If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day.

If less than all of the outstanding shares of Series D Preferred Stock are to be redeemed, the shares of Series D Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method that we determine will not result in the automatic transfer of any shares of Series D Preferred Stock to a trust pursuant to our charter. See "Description of Common Stock—Restrictions on Ownership and Transfer" and "Description of Preferred Stock—Our Series D Preferred Stock—Restrictions on Ownership" hereto.

Immediately prior to any redemption of Series D Preferred Stock, we will pay, in cash, any accumulated and unpaid dividends to, but excluding, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series D Preferred Stock at the close of business on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series D Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past Dividend Periods, no shares of Series D Preferred Stock may be redeemed unless all outstanding shares of Series D Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of Series D Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our Junior Stock or pursuant to a purchase or exchange offer made on the same terms to all holders of Series D Preferred Stock and all classes or series of Parity Stock); provided, however, that the foregoing will not prevent the redemption, purchase or acquisition by us of shares of Series D Preferred Stock for the purpose of enforcing restrictions on ownership and transfer of our stock contained in our charter, including in order to preserve our qualification as a REIT for U.S. federal income tax purposes.

Subject to applicable law, we may purchase shares of Series D Preferred Stock in the open market, by tender or by privately negotiated transactions. Any shares of Series D Preferred Stock that we acquire, by redemption or otherwise, will be reclassified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be issued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series D Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock held by such holder as described above under "—Redemption," in which case such holder will have the right only with respect to shares of Series D Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series D Preferred Stock held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of shares of our common stock per share of Series D Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series D Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series D Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price, as defined below (such quotient, the "Conversion Rate"); and

- 7.96178, or the "Share Cap," subject to certain adjustments as described below.

Notwithstanding anything in the Series D Articles Supplementary to the contrary and except as otherwise required by law, the persons who are the holders of record of shares of Series D Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of Series D Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a "Share Split") with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding paragraph, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series D Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of Series D Preferred Stock will receive upon conversion of such shares of the Series D Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"). The Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever is applicable to a Change of Control, is referred to as the "Conversion Consideration."

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series D Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not exercised our right to redeem all shares of Series D Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of Series D Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice will be delivered to the holders of record of the shares of Series D Preferred Stock to their addresses as they appear on our stock records. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the conversion of any shares of Series D Preferred Stock except as to the holder to whom notice was defective or not given. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of Series D Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of Series D Preferred Stock, holders of Series D Preferred Stock that are subject to such redemption will not be able to convert the shares of Series D Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series D Preferred Stock;
- the name and address of the paying agent, transfer agent and conversion agent for the Series D Preferred Stock;
- the procedures that the holders of Series D Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares of Series D Preferred Stock for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and
- the last date on which holders of Series D Preferred Stock may withdraw shares of Series D Preferred Stock surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we also will issue a press release containing such notice for publication on the Dow Jones & Company, Inc., Wall Street Journal, Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website (if any), in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series D Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of Series D Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series D Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series D Preferred Stock held in book-entry form through a Depositary or shares directly registered with the transfer agent therefor, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series D Preferred Stock to be converted through the facilities of such Depositary or through such transfer agent, respectively), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

- the relevant Change of Control Conversion Date;
- the number of shares of Series D Preferred Stock to be converted; and
- that the shares of the Series D Preferred Stock are to be converted pursuant to the applicable provisions of the Series D Articles Supplementary.

The "Change of Control Conversion Date" is the date the Series D Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series D Preferred Stock.

The "Common Stock Price" is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) if our common stock is not then listed for trading on a U.S. securities exchange, the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred.

Holders of Series D Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

- the number of withdrawn shares of Series D Preferred Stock;
- if certificated shares of Series D Preferred Stock have been surrendered for conversion, the certificate numbers of the withdrawn shares of Series D Preferred Stock; and
- the number of shares of Series D Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of Series D Preferred Stock are held in book-entry form through The Depository Trust Company (the "DTC") or a similar depositary (each, a "Depositary"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depositary.

Shares of Series D Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of Series D Preferred Stock, as described above under "—Redemption," in which case only the shares of Series D Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of Series D Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control

Conversion Date, such shares of Series D Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of shares of the Series D Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of the Series D Preferred Stock, no holder of Series D Preferred Stock will be entitled to convert such shares of the Series D Preferred Stock into shares of our common stock to the extent that receipt of such shares of common stock would cause such holder (or any other person) to violate the applicable restrictions on transfer and ownership of our stock contained in our charter, unless we provide an exemption from this limitation to such holder pursuant to the terms of our charter. Please see the sections entitled "—Restrictions on Transfer and Ownership" below and "Description of Common Stock—Restrictions on Ownership and Transfer" hereto.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series D Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of Series D Preferred Stock will not have any voting rights, except as set forth below.

Whenever dividends on any shares of Series D Preferred Stock are in arrears for six or more full quarterly Dividend Periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of our Parity Stock upon which like voting rights have been conferred and are exercisable) and the holders of Series D Preferred Stock, voting as a single class with holders of the Parity Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series D Preferred Stock and all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable to be held no later than 90 days after our receipt of such request (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which case such vote will be held at the earlier of the next annual or special meeting of the stockholders to the extent permitted by applicable law), and at each subsequent annual meeting until all dividends accumulated on the Series D Preferred Stock for all past Dividend Periods and the then current Dividend Period will have been fully paid or declared and a sum sufficient for the payment thereof set apart for payment. In that case, the right of holders of Series D Preferred Stock to elect any directors will cease and, unless there are other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable, the term of office of any directors elected by holders of Series D Preferred Stock will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. For the avoidance of doubt, in no event will the total number of directors elected by holders of Series D Preferred Stock (voting together as a single class with the Parity Stock upon which like voting rights have been conferred and are exercisable) pursuant to these voting rights exceed two. The directors elected by the holders of the Series D Preferred Stock and the holders of the Parity Stock upon which like voting rights have been conferred and are exercisable will be elected by a plurality of the votes cast by the holders of the outstanding shares of Series D Preferred Stock when they have the voting rights described in this paragraph and the Parity Stock upon which like voting rights have been conferred and are exercisable (voting together as a single class) to serve until our next annual meeting of stockholders and until their successors are duly elected and qualify or until such directors' right to hold the office terminates as described above, whichever occurs earlier.

On each matter on which holders of Series D Preferred Stock are entitled to vote, each share of Series D Preferred Stock will be entitled to one vote, except that when shares of any other class or series of preferred stock we may issue, including the Parity Stock, have the right to vote with the Series D Preferred Stock as a single class on any matter, the Series D Preferred Stock, the Parity Stock and each such other class or series of stock will have one vote for each $25.00 of liquidation preference (excluding accumulated dividends). If, at any time when the voting rights conferred upon the Series D Preferred Stock are exercisable, any vacancy in the office of a director elected by the holders of the Parity Stock upon which like voting rights have been conferred and are exercisable occurs, then such vacancy may be filled only by the remaining director or by vote of the holders of the outstanding Series D Preferred Stock and any other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable.

Any director elected by holders of shares of Series D Preferred Stock and any class or series of Parity Stock upon which like voting rights have been conferred and are exercisable may be removed at any time, with or without cause, only by the vote of, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of Series D Preferred Stock and any such class or series of Parity Stock when they have the voting rights described above (voting as a single class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable).

So long as any shares of Series D Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of Series D Preferred Stock, and our Parity Stock upon which like voting rights have been conferred and are exercisable (voting together as a single class), (i) authorize, create, or increase the authorized or issued amount of, any class or series of Senior Stock or reclassify any of our authorized stock into such shares, or create or authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares or (ii) amend, alter or repeal the provisions of our charter, whether by merger, conversion, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series D Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in clause (ii) above, so long as the Series D Preferred Stock remains outstanding with the terms thereof materially unchanged, or the holders of Series D Preferred Stock receive shares of stock or other equity interests with rights, preferences, privileges and voting powers substantially the same as those of the Series D Preferred Stock, taking into account that upon the occurrence of an Event we may not be the successor entity, the occurrence of any such Event will not be deemed to materially and adversely affect the rights, preferences, privileges or voting power of holders of Series D Preferred Stock; and, provided further, that any increase in the amount of the authorized or issued Series D Preferred Stock or the creation or issuance, or any increase in the amounts authorized of any Parity Stock, including Outstanding Series of Preferred Stock or Junior Stock, will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of holders of Series D Preferred Stock. Notwithstanding the foregoing, holders of any class or series of Parity Stock will not be entitled to vote together as a class with the holders of the Series D Preferred Stock on any amendment, alteration or repeal of any provision of our charter unless such action affects the holders of the Series D Preferred Stock and such other Parity Stock equally.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series D Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been irrevocably set apart to effect such redemption.

Except as expressly stated in the Series D Articles Supplementary, the Series D Preferred Stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof will not be required for the taking of any corporate action. The holders of Series D Preferred Stock will have exclusive voting rights on any amendment to our charter that would alter the contract rights, as expressly set forth in the charter, of only the Series D Preferred Stock.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series D Preferred Stock are outstanding, we will use our best efforts to (i) transmit through our website at *www.nymtrust.com* (or other permissible means under the Exchange Act) copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to

Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required). We will use our best efforts to provide such reports on our website within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act and we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Transfer and Ownership

The Series D Articles Supplementary provide that the aggregate stock ownership limitation included in our charter (as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto) applies to ownership of shares of Series D Preferred Stock. Our charter provides that generally no person may own, or be deemed to own by virtue of the attribution provisions of the Code, either (i) more than 9.9% in value of the aggregate of our outstanding shares of capital stock or (ii) more than 9.9% in value or number of shares, whichever is more restrictive, of the aggregate of shares of our outstanding common stock. See "Description of Common Stock—Restrictions on Ownership and Transfer" hereto. No holder of Series D Preferred Stock will be entitled to convert any shares of Series D Preferred Stock into shares of our common stock to the extent that receipt of shares of our common stock would cause such holder or any other person to exceed the ownership limits contained in our charter. Our board of directors may, in its sole discretion, exempt a person from any of the ownership limits, as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto.

Preemptive Rights

No holders of Series D Preferred Stock will, as holders of Series D Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any of our other securities.

Calculation Agent

American Stock Transfer & Trust Company, LLC, or any other firm appointed by us, will be the "calculation agent" for the Series D Preferred Stock.

Listing

Our Series D Preferred Stock listed on Nasdaq under the symbol “NYMTN.”

Our Series E Preferred Stock

Terms defined in this " Our Series E Preferred Stock" section have the meanings ascribed to such terms herein only when used in this " Our Series E Preferred Stock" section.

Maturity

The Series E Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption. Shares of the Series E Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under "—Conversion Rights." We are not required to set apart for payment any funds to redeem the Series E Preferred Stock.

Ranking

The Series E Preferred Stock ranks, with respect to rights to the payment of dividends and other distributions and the distribution of assets upon our liquidation, dissolution or winding up:

- senior to all classes or series of our Junior Stock;
- on a parity with our Parity Stock;
- junior to any of our Senior Stock; and
- effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common stock or preferred stock) and the indebtedness of our existing and future subsidiaries.

Dividends

Holders of shares of the Series E Preferred Stock are entitled to receive, when, as and if authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends at a rate of 7.875% of the $25.00 per share liquidation preference per annum (equivalent to $1.96875 per annum per share) to, but excluding, January 15, 2025 (the "Fixed Rate Period"). On and after January 15, 2025 (the "Floating Rate Period"), dividends on the Series E Preferred Stock will accumulate at a percentage of the $25.00 liquidation preference equal to an annual floating rate of the Three-Month LIBOR Rate (as defined below) as calculated on each applicable Dividend Determination Date (as defined below) plus a spread of 6.429% per annum (the "Floating Rate"). Dividends on the Series E Preferred Stock will accumulate daily and with respect to any shares of Series E Preferred Stock issued before January 15, 2020, will be cumulative from, and including, October 18, 2019 (the "original issue date"), or, with respect to any shares of Series E Preferred Stock issued on or after January 15, 2020, will be cumulative from the most recent dividend payment date to which dividends have been paid in full and will be payable quarterly in arrears on the 15th day of each January, April, July and October, beginning on January 15, 2020 (each, a "dividend payment date"). If any dividend payment date prior to January 15, 2025 is a day that is not a business day, as defined in the articles supplementary filed with the State Department of Assessment and Taxation of Maryland on October 15, 2019, setting forth the terms of the Series E Preferred Stock (as amended, the "Series E Articles Supplementary"), then the dividend which would otherwise have been payable on that dividend payment date will instead be paid on the immediately succeeding business day with the same force and effect as if paid on such dividend payment date. No interest, additional dividends or sums in lieu of interest will be payable for the period from and after that dividend payment date to that next succeeding business day. If any dividend payment date on or after January 15, 2025 is a day that is not a business day, then the dividend payment date will instead be the immediately succeeding business day, and dividends will accrue to, but not including, such dividend payment date. Any dividends payable on the Series E Preferred Stock during the Fixed Rate Period, including dividends payable for any partial Dividend Period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Any dividends payable on the Series E Preferred Stock during the Floating Rate Period, including dividends payable for any partial Dividend Period, will be computed by multiplying the Floating Rate for that Dividend Period by a fraction, the numerator of which will be the actual number of days elapsed during that Dividend Period and the denominator of which will be 360, and by multiplying the result by the aggregate liquidation preference of the Series E Preferred Stock. Dividends will be payable to holders of record as they appear on our stock records at the close of business on the applicable record date, which will be the first day of the calendar month (whether or not a business day) in which the applicable Dividend Payment Date falls (each, a "dividend record date"). The dividends payable on any dividend payment date will include dividends accumulated to, but not including, such dividend payment date.

For each Dividend Period during the Floating Rate Period, LIBOR (the London interbank offered rate) ("Three-Month LIBOR Rate") will be determined by us or a Calculation Agent (as defined herein) as of the applicable Dividend Determination Date (as defined below), in accordance with the following provisions: (i) LIBOR will be the rate (expressed as a percentage per year) for deposits in U.S. dollars having an index maturity of three months, in amounts of at least $1,000,000, as such rate appears on "Reuters Page LIBOR01" at approximately 11:00 a.m. (London time) on the relevant Dividend Determination Date; or (ii) if no such rate appears on "Reuters Page LIBOR01" or if the "Reuters Page LIBOR01" is not available at approximately 11:00 a.m. (London time) on the relevant Dividend Determination Date, then we will select four nationally-recognized banks in the London interbank market and request that the principal London offices of those four selected banks provide us with their offered quotation for deposits in U.S. dollars for a period of three months, commencing on the first day of the applicable Dividend Period, to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on that Dividend Determination Date for the applicable Dividend Period. Offered quotations must be based on a principal amount equal to an amount that, in our discretion, is representative of a single transaction in U.S. dollars in the London interbank market at that time. If at least two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of those quotations. If fewer than two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of the rates quoted at approximately 11:00 a.m. (New York City time) on that Dividend Determination Date for such Dividend Period by three nationally-recognized banks in New York, New York selected by us, for loans in U.S. dollars to nationally-recognized European banks (as selected by us), for a period of three months commencing on the first day of such Dividend Period. The rates quoted must be based on an amount that, in our discretion, is representative of a single transaction in U.S. dollars in that market at that time. If no quotation is provided as described above, then if a Calculation Agent has not been appointed at such time, we will appoint a Calculation Agent who will, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate LIBOR or any of the foregoing lending rates or display page, will determine LIBOR for the second London Business Day (as defined herein) immediately preceding the first day of the applicable Dividend Period in its sole discretion. If the Calculation Agent is unable or unwilling to determine LIBOR as provided in the immediately preceding sentence, then LIBOR will be equal to Three-Month LIBOR Rate for the then current Dividend Period, or, in the case of the first Dividend Period in the Floating Rate Period, the most recent dividend rate that would have been determined based on the last available Reuters Page LIBOR01 had the Floating Rate Period been applicable prior to the first Dividend Period in the Floating Rate Period.

Notwithstanding the foregoing, if we determine on the relevant Dividend Determination Date that LIBOR has been discontinued, then we will appoint a Calculation Agent and the Calculation Agent will consult with an investment bank of national standing to determine whether there is an industry accepted substitute or successor base rate to Three-Month LIBOR Rate. If, after such consultation, the Calculation Agent determines that there is an industry accepted substitute or successor base rate, the Calculation Agent shall use such substitute or successor base rate. In such case, the Calculation Agent in its sole discretion may (without implying a corresponding obligation to do so) also implement changes to the business day convention, the definition of business day, the Dividend Determination Date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant Business Day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. Unless the Calculation Agent determines that there is an industry accepted substitute or successor base rate as so provided above, the Calculation Agent will, in consultation with us, follow the steps specified in the second bullet point in the immediately preceding paragraph in order to determine Three-Month LIBOR Rate for the applicable Dividend Period.

"Calculation Agent" means a third party independent financial institution of national standing with experience providing such services, which has been selected by us.

"Dividend Determination Date" means the second London Business Day (as defined below) immediately preceding the first date of the applicable Dividend Period.

"Dividend Period" means the period from, and including, a dividend payment date to, but excluding, the next succeeding dividend payment date, except for the initial Dividend Period, which will be the period from, and including, the original issue date of the Series E Preferred Stock to, but excluding, January 15, 2020.

"London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

"Reuters Page LIBOR01" means the display so designated on the Reuters 3000 Xtra (or such other page as may replace the LIBOR01 page on that service, or such other service as may be nominated by the ICE Benchmark Administration Limited, or ICE, or its successor, or such other entity assuming the responsibility of ICE or its successor in the event ICE or its successor no longer does so, as the successor service, for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

No dividends on shares of Series E Preferred Stock may be authorized by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the authorization, payment or setting apart for payment thereof or provide that the authorization, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding anything to the contrary contained herein, dividends on the Series E Preferred Stock will accumulate whether or not (i) the terms and provisions of any laws or agreements referred to in the preceding paragraph at any time prohibit the current payment of dividends, (ii) we have earnings, (iii) there are funds legally available for the payment of those dividends, and (iv) those dividends are authorized and declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series E Preferred Stock which may be in arrears, and holders of Series E Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series E Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future dividends on our common stock and preferred stock, including the Series E Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, applicable law, any debt service requirements and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on our Series E Preferred Stock or what the actual dividends will be for any future period.

Except as noted below, unless full cumulative dividends on the Series E Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past Dividend Periods, no dividends (other than in shares of our Junior Stock) may be declared or paid or set apart for payment upon our Junior Stock or our Parity Stock and no other distribution may be declared or made upon our Junior Stock or our Parity Stock. In addition, our Junior Stock or Parity Stock may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such securities) by us (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our Junior Stock or pursuant to an exchange offer made on the same terms to all holders of Series E Preferred Stock and all Parity Stock). The foregoing will not, however, prevent the redemption, purchase or acquisition by us of shares of any class or series of stock for the purpose of enforcing restrictions on transfer and ownership of our stock contained in our charter, including in order to preserve our qualification as a REIT for U.S. federal income tax purposes, or the redemption, purchase or acquisition by us of shares of our common stock for purposes of and in compliance with any incentive or benefit plan of ours.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series E Preferred Stock and shares of any class or series of our Parity Stock, all dividends declared upon the Series E Preferred Stock and such Parity Stock must be declared *pro rata* so that the amount of dividends declared per share of Series E Preferred Stock and such Parity Stock will in all cases bear to each other the same ratio that accumulated dividends per share on the Series E Preferred Stock and such Parity Stock (which will not include any accrual in respect of unpaid dividends for prior Dividend Periods if such other Parity Stock do not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, will be payable in respect of any dividend payment or payments on the Series E Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of Series E Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any classes or series of our Senior Stock, a liquidation preference of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the payment date, without interest, before any distribution of assets is made to holders of Junior Stock; and the holders of Series E Preferred Stock will not be entitled to any further payment.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of our Series E Preferred Stock and the corresponding amounts payable on all shares of our other Parity Stock, then the holders of our Series E Preferred Stock and all other such Parity Stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Notice of any such liquidation will be given no fewer than 30 days and no more than 60 days prior to the payment date, to each holder of record of Series E Preferred Stock at the address of such holder as it appears on our stock records. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series E Preferred Stock will have no right or claim to any of our remaining assets. The consolidation, conversion or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, the sale, lease, transfer or conveyance of all or substantially all of our property or business or a statutory share exchange, will not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of stock or otherwise, is permitted under Maryland law with respect to any share of any class or series of our stock, amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of shares of Series E Preferred Stock will not be added to our total liabilities.

Redemption

The Series E Preferred Stock is not redeemable by us prior to January 15, 2025, except under circumstances where it is necessary to preserve our qualification as a REIT for U.S. federal income tax purposes (please see "—Restrictions on Transfer and Ownership" below and "Description of Common Stock—Restrictions on Ownership and Transfer" hereto) and except as described below under "—Special Optional Redemption" upon the occurrence of a Change of Control (as defined below).

Optional Redemption. On and after January 15, 2025, we may, at our option, upon not less than 30 nor more than 60 days' notice, redeem the Series E Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days' notice, redeem the Series E Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. If, prior to the Change of Control Conversion Date (as defined below), we have provided notice of our election to redeem some or all of the shares of Series E Preferred Stock (whether pursuant to our optional redemption right described above under "—Optional Redemption" or this special optional redemption right), the holders of Series E Preferred Stock will not have the Change of Control Conversion Right (as defined below) described below under "—Conversion Rights" with respect to the shares called for redemption.

A "Change of Control" is deemed to occur when, after the original issuance of the Series E Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our capital stock entitling that person to exercise more than 50% of the total voting power of all our capital stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American, LLC or the Nasdaq Stock Market, or listed or quoted on a successor to the foregoing exchanges.

Redemption Procedures. In the event we elect to redeem Series E Preferred Stock pursuant to our optional redemption right or our special optional redemption right, the notice of redemption will be given by us, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of Series E Preferred Stock called for redemption at such holder's address as it appears on our stock records and will state the following:

- the redemption date;

- the number of shares of Series E Preferred Stock to be redeemed;

- the redemption price;

- the place or places where certificates (if any) for the Series E Preferred Stock are to be surrendered for payment of the redemption price;
- that dividends on the shares to be redeemed will cease to accumulate on the redemption date;
- if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and
- if such redemption is being made in connection with a Change of Control, that the holders of the shares of Series E Preferred Stock being so called for redemption will not be able to tender such shares of Series E Preferred Stock for conversion in connection with the Change of Control and that each share of Series E Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the Series E Preferred Stock held by any holder is to be redeemed, the notice given to such holder will also specify the number of shares of Series E Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the redemption of any shares of Series E Preferred Stock, except as to the holder to whom notice was defective or not given. Notwithstanding the foregoing, no notice of redemption will be required where we elect to redeem Series E Preferred Stock to preserve our status as a REIT.

Holders of shares of Series E Preferred Stock to be redeemed must surrender such shares at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender.

If notice of redemption of any shares of Series E Preferred Stock has been given and if we have irrevocably set apart for payment the funds necessary for redemption (including any accumulated and unpaid dividends) in trust for the benefit of the holders of the shares of Series E Preferred Stock so called for redemption, then from and after the redemption date (unless we default in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of Series E Preferred Stock, those shares of Series E Preferred Stock will no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption.

If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day.

If less than all of the outstanding shares of Series E Preferred Stock are to be redeemed, the shares of Series E Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method that we determine will not result in the automatic transfer of any shares of Series E Preferred Stock to a trust pursuant to our charter. See "Description of Common Stock—Restrictions on Ownership and Transfer" and "Description of Preferred Stock—Our Series E Preferred Stock—Restrictions on Ownership" hereto.

Immediately prior to any redemption of Series E Preferred Stock, we will pay, in cash, any accumulated and unpaid dividends to, but excluding, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series E Preferred Stock at the close of business on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series E Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of Series E Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past Dividend Periods, no shares of Series E Preferred Stock may be redeemed unless all outstanding shares of Series E Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of Series E Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our Junior Stock or pursuant to a purchase or exchange offer made on the same terms to all holders of Series E Preferred Stock and all classes or series of Parity Stock); provided, however, that the foregoing will not prevent the redemption, purchase or acquisition by us of shares of Series E Preferred Stock for the purpose of enforcing restrictions on ownership and transfer of our stock contained in our charter, including in order to preserve our qualification as a REIT for U.S. federal income tax purposes.

Subject to applicable law, we may purchase shares of Series E Preferred Stock in the open market, by tender or by privately negotiated transactions. Any shares of Series E Preferred Stock that we acquire, by redemption or otherwise, will be reclassified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be issued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series E Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of Series E Preferred Stock held by such holder as described above under "—Redemption," in which case such holder will have the right only with respect to shares of Series E Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series E Preferred Stock held by such holder (the "Change of Control Conversion Right") on the Change of Control Conversion Date into a number of shares of our common stock per share of Series E Preferred Stock (the "Common Stock Conversion Consideration") equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference per share of Series E Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series E Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price, as defined below (such quotient, the "Conversion Rate"); and

- 8.27815, or the "Share Cap," subject to certain adjustments as described below.

Notwithstanding anything in the Series E Articles Supplementary to the contrary and except as otherwise required by law, the persons who are the holders of record of shares of Series E Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of Series E Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a "Share Split") with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding paragraph, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series E Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of Series E Preferred Stock will receive upon conversion of such shares of Series E Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"). The Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever is applicable to a Change of Control, is referred to as the "Conversion Consideration."

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series E Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not exercised our right to redeem all shares of Series E Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of Series E Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right, which notice will be delivered to the holders of record of the shares of Series E Preferred Stock to their addresses as they appear on our stock records. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the conversion of any shares of Series E Preferred Stock except as to the holder to whom notice was defective or not given. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of Series E Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of Series E Preferred Stock, holders of Series E Preferred Stock that are subject to such redemption will not be able to convert the shares of Series E Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series E Preferred Stock;

- the name and address of the paying agent, transfer agent and conversion agent for the Series E Preferred Stock;

- the procedures that the holders of Series E Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares of Series E Preferred Stock for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and

- the last date on which holders of Series E Preferred Stock may withdraw shares of Series E Preferred Stock surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we also will issue a press release containing such notice for publication on the Dow Jones & Company, Inc., Wall Street Journal, Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website (if any), in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series E Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of Series E Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of Series E Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of Series E Preferred Stock held in book-entry form through a Depositary or shares directly registered with the transfer agent therefor, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of Series E Preferred Stock to be converted through the facilities of such Depositary or through such transfer agent, respectively), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

- the relevant Change of Control Conversion Date;

- the number of shares of Series E Preferred Stock to be converted; and

- that the shares of the Series E Preferred Stock are to be converted pursuant to the applicable provisions of the Series E Articles Supplementary.

The "Change of Control Conversion Date" is the date the Series E Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series E Preferred Stock.

The "Common Stock Price" is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) if our common stock is not then listed for trading on a U.S. securities exchange, the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred.

Holders of Series E Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

- the number of withdrawn shares of Series E Preferred Stock;

- if certificated shares of Series E Preferred Stock have been surrendered for conversion, the certificate numbers of the withdrawn shares of Series E Preferred Stock; and

- the number of shares of Series E Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of Series E Preferred Stock are held in book-entry form through The Depository Trust Company ("DTC") or a similar depositary (each, a "Depositary"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Depositary.

Shares of Series E Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of Series E Preferred Stock, as described above under "—Redemption," in which case only the shares of Series E Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of Series E Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of Series E Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of shares of the Series E Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of the Series E Preferred Stock, no holder of Series E Preferred Stock will be entitled to convert such shares of the Series E Preferred Stock into shares of our common stock to the extent that receipt of such shares of common stock would cause such holder (or any other person) to violate the applicable restrictions on transfer and ownership of our stock contained in our charter, unless we provide an exemption from this limitation to such holder pursuant to the terms of our charter. Please see the sections entitled "—Restrictions on Transfer and Ownership" below and "Description of Common Stock—Restrictions on Ownership and Transfer" hereto.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series E Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of Series E Preferred Stock will not have any voting rights, except as set forth below.

Whenever dividends on any shares of Series E Preferred Stock are in arrears for six or more full quarterly Dividend Periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of our Parity Stock upon which like voting rights have been conferred and are exercisable) and the holders of Series E Preferred Stock, voting as a single class with holders of the Parity Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series E Preferred Stock and all other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable to be held no later than 90 days after our receipt of such request (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which case such vote will be held at the earlier of the next annual or special meeting of the stockholders to the extent permitted by applicable law), and at each subsequent annual meeting until all dividends accumulated on the Series E Preferred Stock for all past Dividend Periods and the then current Dividend Period will have been fully paid or declared and a sum sufficient for the payment thereof set apart for payment. In that case, the right of holders of Series E Preferred Stock to elect any directors will cease and, unless there are other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable, the term of office of any directors elected by holders of Series E Preferred Stock will immediately terminate and the number of directors constituting the board of directors will be reduced accordingly. For the avoidance of doubt, in no event will the total number of directors elected by holders of Series E Preferred Stock (voting together as a single class with the Parity Stock upon which like voting rights have been conferred and are exercisable) pursuant to these voting rights exceed two. The directors elected by the holders of the Series E Preferred Stock and the holders of the Parity Stock upon which like voting rights have been conferred and are exercisable will be elected by a plurality of the votes cast by the holders of the outstanding shares of Series E Preferred Stock when they have the voting rights described in this paragraph and the Parity Stock upon which like voting rights have been conferred and are exercisable (voting together as a single class), with each such director to serve until our next annual meeting of stockholders and until their successors are duly elected and qualify or until such directors' right to hold the office terminates as described above, whichever occurs earlier.

On each matter on which holders of Series E Preferred Stock are entitled to vote, each share of Series E Preferred Stock will be entitled to one vote, except that when shares of any other class or series of preferred stock we may issue, including the Parity Stock, have the right to vote with the Series E Preferred Stock as a single class on any matter, the Series E Preferred Stock, the Parity Stock and each such other class or series of stock will have one vote for each $25.00 of liquidation preference (excluding accumulated dividends). If, at any time when the voting rights conferred upon the Series E Preferred Stock are exercisable, any vacancy in the office of a director elected by the holders of the Parity Stock upon which like voting rights have been conferred and are exercisable occurs, then such vacancy may be filled only by the remaining director or by vote of the holders of the outstanding Series E Preferred Stock and any other classes or series of our Parity Stock upon which like voting rights have been conferred and are exercisable.

Any director elected by holders of shares of Series E Preferred Stock and any class or series of Parity Stock upon which like voting rights have been conferred and are exercisable may be removed at any time, with or without cause, only by the vote of, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of Series E Preferred Stock and any such class or series of Parity Stock when they have the voting rights described above (voting as a single class with all other classes or series of Parity Stock upon which like voting rights have been conferred and are exercisable).

So long as any shares of Series E Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of Series E Preferred Stock, and our Parity Stock upon which like voting rights have been conferred and are exercisable (voting together as a single class), (i) authorize, create, or increase the authorized or issued amount of, any class or series of Senior Stock or reclassify any of our authorized stock into such shares, or create or authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares or (ii) amend, alter or repeal the provisions of our charter, whether by merger, conversion, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series E Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in clause (ii) above, so long as the Series E Preferred Stock remains outstanding with the terms thereof materially unchanged, or the holders of Series E Preferred Stock receive shares of stock or other equity interests with rights, preferences, privileges and voting powers substantially the same as those of the Series E Preferred Stock, taking into account that upon the occurrence of an Event we may not be the successor entity, the occurrence of any such Event will not be deemed to materially and adversely affect the rights, preferences, privileges or voting power of holders of Series E Preferred Stock; and, provided further, that any increase in the amount of the authorized or issued Series E Preferred Stock or the creation or issuance, or any increase in the amounts authorized of any Parity Stock, including Outstanding Series of Preferred Stock or Junior Stock, will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of holders of Series E Preferred Stock. Notwithstanding the foregoing, holders of any class or series of Parity Stock will not be entitled to vote together as a class with the holders of the Series E Preferred Stock on any amendment, alteration or repeal of any provision of our charter unless such action affects the holders of the Series E Preferred Stock and such other Parity Stock equally.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series E Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been irrevocably set apart to effect such redemption.

Except as expressly stated in the Series E Articles Supplementary, the Series E Preferred Stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof will not be required for the taking of any corporate action. The holders of Series E Preferred Stock will have exclusive voting rights on any amendment to our charter that would alter the contract rights, as expressly set forth in the charter, of only the Series E Preferred Stock.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series E Preferred Stock are outstanding, we will use our best efforts to (i) transmit through our website at *www.nymtrust.com* (or other permissible means under the Exchange Act) copies of the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required). We will use our best efforts to provide such reports on our website within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act and we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Transfer and Ownership

The Series E Articles Supplementary provide that the aggregate stock ownership limitation included in our charter (as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto) applies to ownership of shares of Series E Preferred Stock. Our charter provides that generally no person may own, or be deemed to own by virtue of the attribution provisions of the Code, either (i) more than 9.9% in value of the aggregate of our outstanding shares of capital stock or (ii) more than 9.9% in value or number of shares, whichever is more restrictive, of the aggregate of shares of our outstanding common stock. See "Description of Common Stock—Restrictions on Ownership and Transfer" hereto. No holder of Series E Preferred Stock will be entitled to convert any shares of Series E Preferred Stock into shares of our common stock to the extent that receipt of shares of our common stock would cause such holder or any other person to exceed the ownership limits contained in our charter. Our board of directors may, in its sole discretion, exempt a person from any of the ownership limits, as described under "Description of Common Stock—Restrictions on Ownership and Transfer" hereto.

Preemptive Rights

No holders of Series E Preferred Stock will, as holders of Series E Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any of our other securities.

Listing

Our Series E Preferred Stock listed on Nasdaq under the symbol “NYMTM.”

NEW YORK MORTGAGE TRUST, INC.

2020 ANNUAL INCENTIVE PLAN

New York Mortgage Trust, Inc.'s 2020 Annual Incentive Plan (the "**Plan**") is a plan under which eligible employees of New York Mortgage Trust, Inc. (the "**Company**") may receive bonus awards representing the opportunity to receive a payment in accordance with, and subject to the terms of, the Plan ("**Bonus Awards**"). The Compensation Committee of the Board of Directors of the Company, or its delegate (the "**Compensation Committee**") will determine the amount, if any, payable under a Bonus Award based upon the Company's and the employee's performance during the Fiscal Year (as defined below), subject in all cases to the sole discretion of the Compensation Committee.

I. **Purposes**. The Plan is a component of the Company's overall strategy to pay its employees for performance. The purposes of the Plan are to: (i) attract and retain top performing employees, (ii) motivate employees by tying compensation to the Company's financial performance and (iii) reward exceptional individual performance that supports the Company's overall objectives.

II. **Effective Date**. All eligible employees of the Company may participate in the Plan, except for employees who commence employment pursuant to an offer letter that excludes participation in the Plan. Those employees who are determined to be eligible to receive Bonus Awards under the Plan are called "**Participants**." An employee must commence employment or otherwise become eligible to participate in the Plan no later than July 1 of the applicable Fiscal Year (defined below); provided, however that the Compensation Committee may make exceptions to this requirement in its sole discretion as it deems appropriate. Notwithstanding the foregoing, being a Participant under the Plan does not entitle an individual to receive payment of a Bonus Award.

III. **Plan Year**. The Plan operates on a fiscal year basis beginning January 1 and ending December 31 (the "**Fiscal Year**"), commencing on January 1, 2020.

IV. **Bonus Awards**. A Participant must be an active employee in good standing and on the payroll of the Company, or any approved subsidiary (an "**Approved Payroll**") on the date the Bonus Award is paid to receive payment of any portion of the Bonus Award. A Participant who is not on an Approved Payroll for whatever reason on the date a Bonus Award is to be paid will not be entitled to payment of any portion of the Bonus Award. Bonus Award payments for a given Fiscal Year for an employee that was not actively employed or on an Approved Payroll on the first business day of the applicable Fiscal Year will be paid on a pro-rata basis for such Fiscal Year based on the period of the Fiscal Year during which the Participant was on an Approved Payroll. Notwithstanding the foregoing, a Participant may remain eligible to receive a Bonus Award pursuant to the terms and conditions of his or her employment agreement even if such Participant is not on an Approved Payroll on the date such Bonus Award would have otherwise been paid. Additionally, the Compensation Committee may make exceptions to the foregoing in its sole discretion as it deems appropriate.

Notwithstanding any language to the contrary contained in the Plan and for the avoidance of doubt, (i) a Participant is not entitled to a minimum Bonus Award payment or a guaranteed Bonus Award payment pursuant to the Plan and (ii) the Compensation Committee, in its sole discretion, is authorized to increase or reduce the amount of any Bonus Award payment eligible to be paid under the terms of the Plan and may elect not to make a Bonus Award payment even if such Bonus Award payment would otherwise be payable under the terms of the Plan. Subject to the foregoing language, the amount payable with respect to a Bonus Award, if any, will be determined at the sole discretion of the Compensation Committee after considering the Company's financial performance, the Participant's threshold, target and maximum bonus opportunities in light of the Company's performance, the employee's performance for the Fiscal Year and any other factors as the Compensation Committee shall deem appropriate.

V. **Components of the Plan**. The Plan shall be divided into two components, a Quantitative Component (defined below) and a Qualitative Component (defined below). The eligible Bonus Award for each Participant will be based on the percentage allocation between the two components as follows (assuming the achievement of maximum Bonus Award opportunities for each component):

Name	Quantitative Component	Qualitative Component
Steven Mumma	75%	25%
Jason Serrano	75%	25%
Nathan Reese	75%	25%
Kristine Nario-Eng	75%	25%
All other employees	See Appendix	

a. **Quantitative Component**. The quantitative component will be based on one performance measure, Total Economic Return ("**TER**" or the "**Quantitative Component**"). TER is defined as (A) the sum of (i) the Company's (GAAP) book value per share of common stock at December 31 of the applicable Fiscal Year and (ii) the aggregate dividends per share of common stock declared by the Company during the applicable Fiscal Year, divided by (B) the Company's (GAAP) book value per share of common stock at December 31 of the prior Fiscal Year. The amount of each Participant's bonus will be contingent on the Quantitative Component (TER) meeting certain performance levels (as described below).

The size of the Quantitative Component shall be contingent upon TER exceeding specified hurdle rates for the Fiscal Year set by the Compensation Committee. The size of the Quantitative Component of each Participant's Bonus Award shall be based on the following threshold, target and maximum performance levels:

Name	Quantitative Component Measure Hurdle(1)	Payout as a % of Base Salary Upon Achievement of Hurdle
Steven Mumma	Less than 5%	0%
	5%	100%
	9%	200%
	14%	400%
Jason Serrano	Less than 5%	0%
	5%	100%
	9%	200%
	14%	400%
Nathan Reese	Less than 5%	0%
	5%	63%
	9%	125%
	14%	250%
Kristine Nario-Eng	Less than 5%	0%

	5%	63%
	9%	125%
	14%	250%
All other employees	See Appendix	

(1) At the discretion of the Compensation Committee, payout percentages may exceed the stated payout percentage for achievement of the Quantitative Component in excess of 14%.

If performance is between the threshold and target or between the target and maximum, the performance level achieved will be determined by applying linear interpolation to the performance interval. For the avoidance of doubt, the amount of each Bonus Award under the Quantitative Component shall be zero if the Company's TER is below the 5% threshold hurdle rate.

b. **Qualitative Component**. The Plan also includes the Qualitative Component which is separate and distinct from the Quantitative Component. The Qualitative Component for each Participant can range from (i) in the case of the CEO and the President, zero to 4.0 times the CEO's or President's base salary, as applicable, multiplied by such person's Qualitative Component percentage, (ii) in the case of all other named executive officers, zero to 2.5 times such employee's base salary, multiplied by the Qualitative Component percentage and (iii) in the case of all other employees, it will vary by employee.

The Qualitative Component is intended to allow the Compensation Committee, in its sole discretion, to provide additional compensation to Participants based on the Compensation Committee's evaluation of the Participant's contributions to the success of the Company. The amount of each Bonus Award under the Qualitative Component will be determined by the Compensation Committee in its sole discretion based on its assessment of how each Participant has performed relative to the qualitative factors it deems relevant for each Fiscal Year.

VI. **Form of Bonuses**. Bonus Awards under the Plan will be settled in a combination of cash and shares of the Company's common stock that are subject to certain restrictions and a risk of forfeiture ("**Restricted Stock**"). Shares of Restricted Stock granted as payment of all or a portion of a Bonus Award under the Plan will be issued pursuant to the Company's 2017 Equity Incentive Plan, as amended (or a successor plan thereto) and are expected to vest ratably on an annual basis over a three-year period or such other period as may be determined by the Compensation Committee. The following table sets forth the percentage of the Bonus Award payable in Restricted Stock for each Participant:

Annual Bonus Award Payout Calculation	Percentage of Bonus Award Payable as Restricted Stock(1)
Bonus Award Amounts up to 1X of Base Salary	10%
Bonus Award Amounts Exceeding 1X Base Salary	35%

(1) The portion paid in Restricted Stock will increase in a manner determined by the Compensation Committee as the amount of the payment with respect to each Bonus Award increases. For example, if a Participant were to achieve a Bonus Award equal to 1.5 times the Participant's base salary, it is anticipated that 27.5% of the Bonus Award would be payable in Restricted Stock.

The named executive officers may elect, subject to the approval of the Compensation Committee, to have a greater percentage of the Bonus Award earned under the Plan to be paid in Restricted Stock. The balance of any Bonus Award not paid in Restricted Stock will be paid to the Participant in cash.

The Bonus Award shall be paid to the Participant (the "**Payment Date**") between January 1 and March 31 of the year following the applicable Fiscal Year to which the Bonus Award relates, subject to the Participant being on Approved Payroll on the payment date. The "grant date" for the Restricted Stock portion of any such Bonus Award shall be as soon as practicable following the Payment Date. Any Bonus Award paid under this Plan shall be subject to all applicable federal, state or local taxes required by law to be withheld.

VII. **Bonus Awards Subject to** "**Clawback**". Each Bonus Award paid under the Plan, whether the portion paid in cash or the portion paid in Restricted Stock, will be paid subject to the Company's right to recoup or "**clawback**" all or part of the payment in accordance with the requirements of any compensation "**clawback**" policy of the Company in effect from time to time and applicable law, including such a policy that is later adopted by the Company with retroactive effect.

NEW YORK MORTGAGE TRUST, INC.
2017 EQUITY INCENTIVE PLAN

PERFORMANCE SHARE UNIT GRANT NOTICE

Pursuant to the terms and conditions of the New York Mortgage Trust, Inc. 2017 Equity Incentive Plan, as amended from time to time (the "***Plan***"), New York Mortgage Trust, Inc. (the "***Company***") hereby grants to the individual listed below ("***you***" or the "***Participant***") the number of performance share units (the "***PSUs***") set forth below. This award of PSUs (this "***Award***") is subject to the terms and conditions set forth herein and in the Performance Share Unit Agreement attached hereto as Exhibit A (the "***Agreement***") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	_____________________
Date of Grant:	_____________________
Award Type and Description:	Performance Award granted pursuant to Article X of the Plan. This Award represents the right to receive shares of Common Stock in an amount up to [ ]/[ ]/[ ]]% of the Target PSUs (defined below), subject to the terms and conditions set forth herein and in the Agreement. Your right to receive settlement of this Award in an amount ranging from 0% to [ ]/[ ]/[ ]]% of the Target PSUs shall vest and become earned and nonforfeitable upon (i) your satisfaction of the continued employment or service requirements described below under "Service Requirement" and (ii) the Committee's certification of the level of achievement of the Performance Goal (defined below). The portion of the Target PSUs actually earned upon satisfaction of the foregoing requirements is referred to herein as the "***Earned PSUs.***"
Target Number of PSUs:	_____________________ (the "***Target PSUs***").
Performance Period:	January 1, 2020 (the "***Performance Period Commencement Date***") through December 31, 2022 (the "***Performance Period End Date***"). The period described in the preceding sentence is referred to herein as the "***Performance Period***."
Service Requirement:	Except as expressly provided in Sections 3 and 4 of the Agreement, you must remain continuously employed by, or continuously provide services to, the Company or an Affiliate, as applicable, from the Date of Grant through the Performance Period End Date to be eligible to receive payment of this Award, which is based on the level of achievement with respect to the Performance Goal (as defined below).
Performance Goal:	Subject to the terms and conditions set forth in the Plan, the Agreement and herein, the number of Target PSUs, if any, that become Earned PSUs during the Performance Period will be determined in accordance with the following table:

Level of Achievement	Percentage of Target PSUs Earned*
< Threshold	0%
Threshold	[ ]/[ ]%
Target	[ ]/[ ]/[ ]]%
Maximum	[ ]/[ ]/[ ]]%

* The percentage of Target PSUs that become Earned PSUs for performance between the threshold, target, and maximum achievement levels shall be calculated using linear interpolation.

The "***Performance Goal***" for the Performance Period is based on the Company's achievement with respect to relative total shareholder return, as described in Exhibit B attached hereto.

Settlement: Settlement of the Earned PSUs shall be made solely in shares of Common Stock, which shall be delivered to you in accordance with Section 6 of the Agreement.

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Performance Share Unit Grant Notice (this "***Grant Notice***"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

Company

New York Mortgage Trust, Inc.

By:
Name:
Title:

Participant

Name:

EXHIBIT A

PERFORMANCE SHARE UNIT AGREEMENT

This Performance Share Unit Agreement (together with the Grant Notice to which this Agreement is attached, this "***Agreement***") is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between New York Mortgage Trust, Inc., a Maryland corporation (the "***Company***"), and _________ (the "***Participant***"). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Award**. In consideration of the Participant's past and/or continued employment with, or service to, the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the "***Date of Grant***"), the Company hereby grants to the Participant the target number of PSUs set forth in the Grant Notice (the "***Target PSUs***") on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent vested, each PSU represents the right to receive one share of Common Stock, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan; provided, however, that, depending on the level of performance determined to be attained with respect to the Performance Goal, the number of shares of Common Stock that may be earned hereunder in respect of this Award may range from 0% to [ ]/[ ]/[ ]% of the Target PSUs. Unless and until the PSUs have become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Common Stock or other payments in respect of the PSUs. Prior to settlement of this Award, the PSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2. **Vesting of PSUs**. Except as otherwise set forth in Sections 3, 4 and 5, the PSUs shall vest and become Earned PSUs in accordance with the Participant's satisfaction of the vesting schedule set forth in the Grant Notice (the "***Service Requirement***") based on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice, which shall be determined by the Committee in its sole discretion following the end of the Performance Period (and any PSUs that do not become Earned PSUs shall be automatically forfeited). Except as otherwise set forth herein, unless and until the PSUs have vested and become Earned PSUs as described in the preceding sentence, the Participant will have no right to receive any dividends or other distribution with respect to the PSUs.

3. **Effect of Termination of Employment**. Except as otherwise set forth in Sections 4 and 5 or as provided otherwise in any employment agreement between the Participant and the Company or an Affiliate, if the Participant has not satisfied the Service Requirement, then upon the termination of the Participant's employment with the Company or an Affiliate for any reason, any unearned PSUs (and all rights arising from such PSUs and from being a holder thereof), unless otherwise determined by the Committee, will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

4. **Change in Control**. Notwithstanding anything contained herein to the contrary, if a Change in Control (as defined in the Plan) of the Company occurs prior to the Performance Period End Date, the Performance Period shall end and the Committee shall determine, in its sole discretion, the number of PSUs that are eligible to become Earned PSUs based on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice as measured through the Control Change Date, which shall be determined by the Committee in its sole discretion (the "***Eligible COC PSUs***"). The Eligible COC PSUs shall vest and become Earned PSUs in accordance with the Participant's satisfaction of the Service Requirement, which shall then be eligible for settlement in accordance with Section 6. If the Participant's employment with the Company is terminated within 24 months of such Change in Control by the Company without Cause or by the Participant for Good Reason and prior to the Participant's satisfaction of the Service Requirement, the Participant shall be deemed to have satisfied the Service Requirement with respect to Eligible COC PSUs, which shall become Earned PSUs that are eligible for settlement in accordance with Section 6. Any Eligible COC PSUs that do not become Earned PSUs shall be automatically forfeited.

For purposes of this Agreement, the term "***Cause***" shall mean "cause" (or a term of like import) as defined under the Participant's employment, consulting and/or severance agreement with the Company or, in the absence of such an agreement or definition, shall mean a determination by the Company in its sole discretion that the Participant has: (a) engaged in gross negligence or willful misconduct in the performance of the Participant's duties with respect to the Company or an Affiliate, (b) materially breached any material provision of any written agreement between the Participant and the Company or an Affiliate or corporate policy or code of conduct established by the Company or an Affiliate and applicable to the Participant; (c) willfully engaged in conduct that is materially injurious to the Company or an Affiliate; or (d) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with, a felony involving fraud, dishonestly or moral turpitude (or a crime of similar import in a foreign jurisdiction).

For purposes of this Agreement, the term "***Good Reason***" shall mean "good reason" (or a term of like import) as defined under the Participant's employment, consulting and/or severance agreement with the Company or, in the absence of such an agreement or definition, shall mean (a) a material diminution in the Participant's base salary or (b) the relocation of the geographic location of the Participant's principal place of employment by more than 50 miles from the location of the Participant's principal place of employment as of the Date of Grant; provided that, in the case of the Participant's assertion of Good Reason, (i) the condition described in the foregoing clauses must have arisen without the Participant's consent; (ii) the Participant must provide written notice to the Company of such condition in accordance with this Agreement within 45 days of the initial existence of the condition; (iii) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (iv) the date of termination of the Participant's employment or other service relationship with the Company or an Affiliate must occur within 90 days after such notice is received by the Company.

5. **Retirement**. If the Participant's employment with the Company is terminated due to the Participant's Retirement (as defined below) prior to the Performance Period End Date, the Target PSUs shall be reduced on a pro-rata basis to reflect (x) the number of days in which the Participant was employed from the Date of Grant through the date of the Participant's Retirement, divided by (y) the number of days in the Performance Period, and such prorated number of Target PSUs shall remain outstanding and eligible to vest and become Earned PSUs on the extent to which the Company has satisfied the Performance Goal set forth in the Grant Notice, which shall be determined by the Committee in its sole discretion following the end of the Performance Period (and any PSUs that do not become Earned PSUs shall be automatically forfeited), and the Participant shall be deemed to have satisfied the Service Requirement with respect to such Earned PSUs.

For purposes of this Agreement, "***Retirement***" shall mean "retirement" (or a term of like import) as defined under the Participant's employment, consulting and/or severance agreement with the Company or, in the absence of such an agreement or definition, shall mean the termination of the Participant's employment with the Company due to the Participant's voluntary resignation that meets the following conditions: (a) such voluntary resignation occurs on or after the completion of 10 or more full years of service with the Company (which need not be continuous) and (b) the sum of the Participant's age and years of service with the Company equals or exceeds 70 (in each case, measured in years and rounded down to the nearest whole number).

6. **Settlement of PSUs**. As soon as administratively practicable following the later to occur of (a) the Committee's certification of the level of attainment of the Performance Goal or (b) the date that the Participant satisfies the Service Requirement with respect to any Earned PSUs, but in no event later than 60 days following such later date, the Company shall deliver to the Participant (or the Participant's permitted transferee, if applicable), a number of shares of Common Stock equal to the number of Earned PSUs; provided, however, that any fractional PSU that becomes earned hereunder shall be rounded down at the time shares of Common Stock are issued in settlement of such PSU. No fractional shares of Common Stock, nor the cash value of any fractional shares of Common Stock, shall be issuable or payable to the Participant pursuant to this Agreement. All shares of Common Stock, if any, issued hereunder shall be delivered either by delivering one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of shares of Common Stock shall not bear any interest owing to the passage of time. Neither this Section 6 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

7. **Tax Withholding**. To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and

other tax obligations relating to this Award, which arrangements include the delivery of cash or cash equivalents, Common Stock (including previously owned Common Stock, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Common Stock, the maximum number of shares of Common Stock that may be so withheld (or surrendered) shall be the number of shares of Common Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

8. **Non-Transferability**. During the lifetime of the Participant, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares of Common Stock underlying the PSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the PSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

9. **Compliance with Applicable Law**. Notwithstanding any provision of this Agreement to the contrary, the issuance of shares of Common Stock hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Common Stock may then be listed. No shares of Common Stock will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. In addition, shares of Common Stock will not be issued hereunder unless (a) a registration statement under the Securities Act of 1933, as amended from time to time, is in effect at the time of such issuance with respect to the shares to be issued or (b) in the opinion of legal counsel to the Company, the shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act of 1933, as amended from time to time. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any shares of Common Stock hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Common Stock hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

10. **Legends**. If a stock certificate is issued with respect to shares of Common Stock issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Common Stock is then listed. If the shares of Common Stock issued hereunder are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions set forth in this Agreement.

11. **Rights as a Shareholder**. The Participant shall have no rights as a shareholder of the Company with respect to any shares of Common Stock that may become deliverable hereunder unless and until the Participant has become the holder of record of such shares of Common Stock, and no adjustments shall be made for dividends in cash or other

property, distributions or other rights in respect of any such shares of Common Stock, except as otherwise specifically provided for in the Plan or this Agreement.

12. **Dividend Equivalents**. Notwithstanding anything to the contrary contained herein, each PSU subject to this Award is hereby granted in tandem with a corresponding dividend equivalent ("***DER***"), which DER shall remain outstanding from the Date of Grant until the earlier of the settlement or forfeiture of the PSU to which the DER corresponds. Each vested DER entitles the Participant to receive payments, subject to and in accordance with this Agreement, in an amount equal to any dividends paid by the Company in respect of the share of Common Stock underlying the PSU to which such DER relates. The Company shall establish, with respect to each PSU, a separate DER bookkeeping account for such PSU (a "***DER Account***"), which shall be credited (without interest) on the applicable dividend payment dates with an amount equal to any dividends paid during the period that such PSU remains outstanding with respect to the share of Common Stock underlying the PSU to which such DER relates. Upon the date that the PSU becomes an Earned PSU, the DER (and the DER Account) with respect to such Earned PSU shall become vested. Similarly, upon the forfeiture of a PSU, the DER (and the DER Account) with respect to such forfeited PSU shall also be forfeited. DERs shall not entitle the Participant to any payments relating to dividends paid after the earlier to occur of the date that the applicable Earned PSU is settled in accordance with Section 6 or the forfeiture of the PSU underlying such DER. Payments with respect to vested DERs shall be made as soon as practicable, and within 60 days, after the date that such DER vests. The Participant shall not be entitled to receive any interest with respect to the payment of DERs.

13. **Execution of Receipts and Releases**. Any issuance or transfer of shares of Common Stock or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to Earned PSUs.

14. **No Right to Continued Employment, Service or Awards**. Nothing in the adoption of the Plan, nor the award of the PSUs thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the PSUs is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

15. **Notices**. All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

New York Mortgage Trust, Inc.
Attn: Compensation Committee
90 Park Avenue
New York, New York 10016

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

16. **Consent to Electronic Delivery; Electronic Signature**. In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

17. **Agreement to Furnish Information**. The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

18. **Entire Agreement; Amendment**. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the PSUs granted hereby; provided¸ however, that unless otherwise stated herein, the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

19. **Severability and Waiver**. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

20. **Clawback**. Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all shares of Common Stock issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

21. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of [DELAWARE] applicable to contracts made and to be performed therein, exclusive of the conflict of laws provisions of [DELAWARE LAW].

22. **Successors and Assigns**. The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the PSUs may be transferred by will or the laws of descent or distribution.

23. **Headings**. Headings are for convenience only and are not deemed to be part of this Agreement.

24. **<u>Counterparts</u>**. The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

25. **<u>Section 409A</u>**. Notwithstanding anything herein or in the Plan to the contrary, the PSUs granted pursuant to this Agreement are intended to comply with the applicable requirements of Section 409A of the Code, as amended from time to time, and the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto (the "***Nonqualified Deferred Compensation Rules***") and shall be construed and interpreted in accordance with such intent. If the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PSUs upon his "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PSUs provided under this Agreement are compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

EXHIBIT B

PERFORMANCE GOAL FOR PERFORMANCE SHARE UNITS

The performance goal for the PSUs shall be based on the relative total shareholder return (“***TSR***”) percentile ranking of the Company as compared to the Company’s Peer Group (as defined below) during the Performance Period. Subject to the satisfaction of the Service Requirement, you will earn and become vested in an applicable number of PSUs, the Earned PSUs, that corresponds to the ranking that the Company achieves as set forth below. The Committee, in its sole discretion, will review, analyze and certify the achievement of the Company’s relative TSR percentile ranking for the Performance Period as compared to the Company’s Peer Group and will determine the number of Earned PSUs in accordance with the terms of this Agreement, the Grant Notice and the Plan.

Company Performance Ranking and Payout Schedule

Level	Relative TSR Performance (Percentile Rank vs. Peers)	Earned PSUs (% of Target)*
< Threshold	< 30th Percentile	0%
Threshold	30th Percentile	[ ]/[ ]]%
Target	50th Percentile	[ ]/[ ]/[ ]%
≥ Maximum	≥ 80th Percentile	[ ]/[ ]/[ ]%

* The percentage of Target PSUs that become Earned PSUs for performance between the threshold, target, and maximum achievement levels shall be calculated using linear interpolation.

Company Peer Group

The following companies will be deemed to be the Company’s “***Peer Group***” for purposes of this Agreement:

Ticker Symbol	Name
MITT	AG Mortgage Investment Trust
AGNC	AGNC Investment Corp
NLY	Annaly Capital Management
ANH	Anworth Mortgage Asset Corporation
ARR	ARMOUR Residential REIT, Inc.
CMO	Capstead Mortgage Corporation
CHMI	Cherry Hill Mortgage Investment Corporation
CIM	Chimera Investment Corporation
DX	Dynex Capital, Inc.
EARN	Ellington Residential Mortgage REIT
AJX	Great Ajax
IVR	Invesco Mortgage Capital Inc.
MFA	MFA Financial, Inc.
NRZ	New Residential Investment Corp.
ORC	Orchid Island Capital, Inc.
PMT	PennyMac Mortgage Investment Trust
RWT	Redwood Trust, Inc.
RC	Ready Capital Corp.
TWO	Two Harbors Investment Corp.
WMC	Western Asset Mortgage Capital Corp.

If a company ceases to exist, ceases to be publicly traded or is delisted from a national securities exchange at any time during the Performance Period, it shall be removed from the Peer Group, and the definition of “Peer Group” shall be adjusted to omit such company.

Determination of Relative TSR Rank

The TSR for the Company and each member of the Peer Group shall be determined by dividing (i) the sum of the cumulative amount of such entity's dividends per share for the Performance Period and the arithmetic average per share volume weighted average price (the "***VWAP***") of such entity's common stock for the 30 consecutive trading days immediately prior to the Performance Period End Date minus the arithmetic average per share VWAP of such entity's common stock for the last 30 consecutive trading days immediately prior to the Date of Grant by (ii) the arithmetic average per share VWAP of such entity's common stock for the last 30 consecutive trading days immediately prior to the Date of Grant. To determine the Company's applicable percentile ranking for the Performance Period, TSR will be calculated for the Company and each entity in the Peer Group as of the Performance Period End Date. The entities will be arranged by their respective TSR (highest to lowest) and the percentile rank of the Company within the Peer Group will be calculated.

NEW YORK MORTGAGE TRUST, INC.
2017 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Pursuant to the terms and conditions of the New York Mortgage Trust, Inc. 2017 Equity Incentive Plan, as amended from time to time (the "***Plan***"), New York Mortgage Trust, Inc. (the "***Company***") hereby grants to the individual listed below ("***you***" or the "***Participant***") the number of Restricted Stock Units (the "***RSUs***") set forth below. This award of RSUs (this "***Award***") is subject to the terms and conditions set forth herein and in the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "***Agreement***") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	______________________
Date of Grant:	______________________
Total Number of Restricted Stock Units:	[●]
Vesting Commencement Date:	______________________
Vesting Schedule:	Except as expressly provided in Section 3 of the Agreement, the Plan and the other terms and conditions set forth herein, the RSUs shall vest according to the following schedule, so long as you remain continuously employed by the Company or an Affiliate from the Date of Grant through each vesting date set forth below:

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Restricted Stock Unit Grant Notice (this "***Grant Notice***"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations that arise under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

COMPANY

New York Mortgage Trust, Inc.

By:__
Name:
Title:

PARTICIPANT

__
Name:

EXHIBIT A

RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (together with the Grant Notice to which this Agreement is attached, this "***Agreement***") is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between New York Mortgage Trust, Inc., a Maryland corporation (the "***Company***"), and ___________ (the "***Participant***"). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Award**. In consideration of the Participant's past and/or continued employment with, or service to, the Company or its Affiliates and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the "***Date of Grant***"), the Company hereby grants to the Participant the number of RSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent vested, each RSU represents the right to receive one share of Common Stock of the Company, hereafter described as the "***Shares***", subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan. Unless and until the RSUs have become vested in accordance with this Agreement, the Participant will have no right to receive any Shares or other payments in respect of the RSUs, except as otherwise specifically provided for in the Plan or this Agreement (including Section 10). Prior to settlement of this Award, the RSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2. **Vesting of RSUs**. Except as otherwise set forth in Section 3, the RSUs shall vest in accordance with the vesting schedule set forth in the Grant Notice. Unless and until the RSUs have vested in accordance with such vesting schedule, the Participant will have no right to receive any dividends or other distribution with respect to the RSUs. Fractional Shares shall not vest hereunder, and when any provision hereof may cause a fractional Share to vest, any vesting in such fractional Share shall be postponed until such fractional Share and other fractional Shares equal a vested whole Share.

3. **Effect of Termination of Employment or Service; Change in Control** .

(a) Termination of Employment or Service Relationship due to Death or Disability. If the Participant's employment with the Company is terminated due to the death of the Participant, any unvested RSUs shall become fully vested and non-forfeitable upon the date of death. If the Participant's employment with the Company is terminated due to Disability of the Participant, any unvested RSUs shall become fully vested and non-forfeitable upon the date of the termination of the Participant's employment. For purposes of this Agreement, "Disability" shall mean that the Participant is permanently and totally disabled within the meaning of Section 22(e)(3) of the Code.

(b) Change in Control. If there is both (x) a Change in Control (as defined in the Plan) of the Company and (y) the Participant's employment with the Company is terminated within 24 months of such Change in Control by the Company without Cause (as defined below) or by the Participant for Good Reason (as defined below), any unvested RSUs shall become fully vested and non-forfeitable upon the date of the termination of the Participant's employment.

(c) Other Termination of Employment or Service. Except as otherwise provided in Section 3(a) or 3(b) in the event of the termination of the Participant's employment or other service relationship with the Company or an Affiliate for any reason, any unvested RSUs (and all rights arising from such RSUs and from being a holder thereof) will terminate automatically as of the date of termination without any further action by the Company and will be forfeited without further notice and at no cost to the Company.

(d) Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified below:

(i) "***Cause***" shall mean "cause" (or a term of like import) as defined under the Participant's employment, consulting and/or severance agreement with the Company or, in the absence of such an agreement or definition, shall mean a determination by the Company in its sole discretion that the Participant has: (A) engaged in gross negligence or willful misconduct in the performance of the Participant's duties with respect to the Company or an Affiliate, (B) materially breached any material provision of any written agreement between the Participant and the Company or an Affiliate or corporate policy or code of conduct established by the Company or an Affiliate and applicable to the Participant; (C) willfully engaged in conduct that is materially injurious to the Company or an Affiliate; or (D) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with, a felony involving fraud, dishonestly or moral turpitude (or a crime of similar import in a foreign jurisdiction).

(ii) "***Good Reason***" shall mean "good reason" (or a term of like import) as defined under the Participant's employment, consulting and/or severance agreement with the Company or, in the absence of such an agreement or definition, shall mean (A) a material diminution in the Participant's base salary or (B) the relocation of the geographic location of the Participant's principal place of employment by more than 50 miles from the location of the Participant's principal place of employment as of the Date of Grant; provided that, in the case of the Participant's assertion of Good Reason, (1) the condition described in the foregoing clauses must have arisen without the Participant's consent; (2) the Participant must provide written notice to the Company of such condition in accordance with this Agreement within 45 days of the initial existence of the condition; (3) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (4) the date of termination of the Participant's employment or other service relationship with the Company or an Affiliate must occur within 90 days after such notice is received by the Company.

4. **Settlement of RSUs**. As soon as administratively practicable following the vesting of RSUs pursuant to Section 2 or 3, but in no event later than 60 days after such vesting date, the Company shall deliver to the Participant a number of Shares equal to the number of RSUs subject to this Award. All Shares issued hereunder shall be delivered either by delivering one or more certificates for such Shares to the Participant or by entering such Shares in book-entry form, as determined by the Committee in its sole discretion. The value of Shares shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

5. **Tax Withholding**. To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to this Award, which arrangements include the delivery of cash or cash equivalents, Shares (including previously owned Shares, net settlement, net early settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of Shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement, net early settlement or the surrender of previously owned Shares, the maximum number of Shares that may be so withheld (or surrendered) shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying Shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or any of its Affiliates or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

6. **Non-Transferability**. During the lifetime of the Participant, the RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. Neither the RSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his

or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

7. **Compliance with Applicable Law**. Notwithstanding any provision of this Agreement to the contrary, the issuance of Shares hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Shares may then be listed. No Shares will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, Shares will not be issued hereunder unless (a) a registration statement under the Securities Act of 1933, as amended from time to time, is in effect at the time of such issuance with respect to the Shares to be issued or (b) in the opinion of legal counsel to the Company, the Shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act of 1933, as amended from time to time. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any Shares hereunder will relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority has not been obtained. As a condition to any issuance of Shares hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

8. **Legends**. If a stock certificate is issued with respect to Shares issued hereunder, such certificate shall bear such legend or legends as the Committee deems appropriate in order to reflect the restrictions set forth in this Agreement and to ensure compliance with the terms and provisions of this Agreement, the rules, regulations and other requirements of the Securities and Exchange Commission, any applicable laws or the requirements of any stock exchange on which the Shares are then listed. If the Shares issued hereunder are held in book-entry form, then such entry will reflect that the Shares are subject to the restrictions set forth in this Agreement.

9. **Rights as a Shareholder**. The Participant shall have no rights as a shareholder of the Company with respect to any Shares that may become deliverable hereunder unless and until the Participant has become the holder of record of such Shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in the Plan or this Agreement (including Section 10).

10. **Dividend Equivalents**. Notwithstanding anything to the contrary contained herein, each RSU subject to this Award is hereby granted in tandem with a corresponding dividend equivalent ("***DER***"), which DER shall remain outstanding from the Date of Grant until the earlier of the settlement or forfeiture of the RSU to which the DER corresponds. Each vested DER entitles the Participant to receive payments, subject to and in accordance with this Agreement, in an amount equal to any dividends paid by the Company in respect of the Share underlying the RSU to which such DER relates. The Company shall establish, with respect to each RSU, a separate DER bookkeeping account for such RSU (a "***DER Account***"), which shall be credited (without interest) on the applicable dividend payment dates with an amount equal to any dividends paid during the period that such RSU remains outstanding with respect to the Share underlying the RSU to which such DER relates. Upon the date that the RSU becomes vested, the DER (and the DER Account) with respect to such vested RSU shall become vested. Similarly, upon the forfeiture of a RSU, the DER (and the DER Account) with respect to such forfeited RSU shall also be forfeited. DERs shall not entitle the Participant to any payments relating to dividends paid after the earlier to occur of the date that the applicable vested RSU is settled in accordance with Section 4 or the forfeiture of the RSU underlying such DER. Payments with respect to vested DERs shall be made as soon as practicable, and within 60 days, after the date that such DER vests. The Participant shall not be entitled to receive any interest with respect to the payment of DERs.

11. **Execution of Receipts and Releases**. Any issuance or transfer of Shares or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall

be in full satisfaction of all claims of such person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to vested RSUs.

12. **No Right to Continued Employment, Service or Awards**. Nothing in the adoption of the Plan, nor the award of the RSUs thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. The grant of the RSUs is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Any future Awards will be granted at the sole discretion of the Company.

13. **Notices**. All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

New York Mortgage Trust, Inc.
Attn: Compensation Committee
90 Park Avenue
New York, New York 10016

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

14. **Consent to Electronic Delivery; Electronic Signature**. In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

15. **Agreement to Furnish Information**. The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

16. **Entire Agreement; Amendment**. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the RSUs granted hereby; provided¸ however, that unless otherwise stated herein, the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the

Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

17. **Severability and Waiver**. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

18. **Clawback**. Notwithstanding any provision in the Grant Notice, this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all Shares issued hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

19. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of DELAWARE applicable to contracts made and to be performed therein, exclusive of the conflict of laws provisions of DELAWARE LAW.

20. **Successors and Assigns**. The Company may assign any of its rights under this Agreement without the Participant’s consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the RSUs may be transferred by will or the laws of descent or distribution.

21. **Headings**. Headings are for convenience only and are not deemed to be part of this Agreement.

22. **Counterparts**. The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

23. **Section 409A**. Notwithstanding anything herein or in the Plan to the contrary, the RSUs granted pursuant to this Agreement are intended to comply with the applicable requirements of Section 409A of the Code, as amended from time to time, and the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto (the “***Nonqualified Deferred Compensation Rules***”) and shall be construed and interpreted in accordance with such intent. If the Participant is deemed to be a “specified employee” within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the RSUs upon his “separation from service” within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant’s separation from service and (b) the Participant’s death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the RSUs provided under this Agreement are compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

New York Mortgage Trust, Inc.

Form of Stock Award Agreement

THIS AGREEMENT dated the ___ day of ________, 2020 (the "Date of Grant"), between NEW YORK MORTGAGE TRUST, INC., a Maryland corporation (the "Company"), and _________________________________, (the "Participant"), is made pursuant and subject to the provisions of the New York Mortgage Trust, Inc. 2017 Equity Incentive Plan, as amended from time to time (the "Plan"), a copy of which has been made available to the Participant. All terms used herein that are defined in the Plan have the same meaning given them in the Plan.

1. **Stock Award**. Pursuant to the Plan, on the Date of Grant, the Company granted to the Participant, subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, a Stock Award covering _____________ shares of Common Stock of the Company, hereafter described as the "Shares."

2. **Restrictions**. Except as provided in this Stock Award Agreement ("Agreement"), the Shares are nontransferable and are subject to a substantial risk of forfeiture.

3. **Vesting**. The Participant's interest in one-third of the Shares granted under this Agreement shall become nonforfeitable and transferable ("Vested") on each of the first, second and third anniversaries of the Date of Grant.

4. **Death or Disability**. If the Participant's employment with the Company is terminated due to the death of the Participant, the Shares shall become fully vested and non-forfeitable upon the date of death. If the Participant's employment with the Company is terminated due to the Disability (as defined below) of the Participant, the Shares shall become fully vested and non-forfeitable upon the date of the termination of such Participant's employment.

5. **Change in Control**. If there is both (a) a Change in Control of the Company and (b) the Participant's employment with the Company is terminated within 24 months of such Change in Control by the Company without Cause (as defined below) or by the Participant for Good Reason (as defined below), the Shares shall become fully vested and non-forfeitable immediately upon the date of the termination of the Participant's employment. For purposes of this Agreement, the term Change in Control shall have the meaning ascribed to it in Section 1.06 of the Plan; provided, however, that if any Participant has a separate written employment agreement that specifically defines Change in Control, such definition shall be used for that Participant only.

6. **Certain Definitions**. For purposes of this Agreement, the following terms shall have the meanings specified below:

a. "Cause" means "cause" (or a term of like import) as defined under the Participant's employment, consulting and/or severance agreement with the Company or, in the absence of such an agreement or definition, shall mean a determination by the Company in its sole discretion that the Participant has: (i) engaged in gross negligence or willful misconduct in the performance of the Participant's duties with respect to the Company or an Affiliate, (ii) materially breached any material provision of any written agreement between the Participant and the Company or an Affiliate or corporate policy or code of conduct established by the Company or an Affiliate and applicable to the Participant; (iii) willfully engaged in conduct that is materially injurious to the Company or an Affiliate; or (iv) been convicted of, pleaded no contest to or received adjudicated probation or deferred adjudication in connection with, a felony involving fraud, dishonestly or moral turpitude (or a crime of similar import in a foreign jurisdiction).

b. "Disability" means that the Participant is permanently and totally disabled within the meaning of section 22(e)(3) of the Code.

c. “Good Reason” means “good reason” (or a term of like import) as defined under the Participant's employment, consulting and/or severance agreement with the Company or, in the absence of such an agreement or definition, shall mean (i) a material diminution in the Participant's base salary or (ii) the relocation of the geographic location of the Participant's principal place of employment by more than 50 miles from the location of the Participant's principal place of employment as of the Date of Grant; provided that, in the case of the Participant's assertion of Good Reason, (A) the condition described in the foregoing clauses must have arisen without the Participant's consent; (B) the Participant must provide written notice to the Company of such condition in accordance with this Agreement within 45 days of the initial existence of the condition; (C) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (D) the date of termination of the Participant's employment or other service relationship with the Company or an Affiliate must occur within 90 days after such notice is received by the Company.

7. **Forfeiture**. Except as provided in Paragraphs 4 or 5, all Shares that are not then Vested shall be forfeited upon the termination of the Participant’s employment with the Company and its Affiliates.

8. **Fractional Shares**. Fractional shares shall not Vest hereunder, and when any provision hereof may cause a fractional share to Vest, any Vesting in such fractional share shall be postponed until such fractional share and other fractional shares equal a Vested whole share.

9. **Change in Capital Structure**. The terms of this Agreement shall be adjusted as the Board determines is equitably required in the event the Company effects one or more stock dividends, stock split-ups, subdivisions or consolidations of shares or other similar changes in capitalization.

10. **Governing Law**. This Agreement shall be governed by the laws of the State of Maryland.

11. **Stock Power**. With respect to any Shares that are forfeited in accordance with Paragraph 8 or withheld in accordance with Paragraph 13, the Participant hereby irrevocably appoints the Company’s Chief of Executive Officer and the Company’s Secretary as the Participant’s attorneys to transfer any forfeited Shares on the books of the Company with full power of substitution in the premises. The Company’s Chief Executive Officer and Secretary shall use the authority granted in this Paragraph 11 to cancel any Shares that are forfeited in accordance with Paragraph 7 or withheld in accordance with Paragraph 13.

12. **Settlement**. Each Share that is earned and vested in accordance with this Agreement shall be settled by the issuance of a whole share of Common Stock.

13. **Tax Withholding**. To the extent that the receipt, attainment of retirement age, vesting or settlement of the Shares granted under this Agreement results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company for the satisfaction of obligations for the payment of withholding taxes and other tax obligations relating to the Shares granted under this Agreement, which arrangements include the delivery of cash or cash equivalents, Shares (including previously owned Shares, net settlement, net early settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of Shares granted under this Agreement), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement, net early settlement or the surrender of previously owned Shares, the maximum number of Shares that may be so withheld (or surrendered) shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the Shares granted under this Agreement, as determined by the Committee. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of the Shares granted under this Agreement or disposition of the Shares granted under this Agreement and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or any of its Affiliates or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants,

bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

14. **Insider Trading Policy**. Participants who are subject to the Company's Insider Trading Policy are only permitted to trade the Vested Shares during the Company's open period trading window as established by the Company's Insider Trading Policy (as amended from time to time) available on the Company's website at *www.nymtrust.com* under the "Corporate Governance" section of the website or otherwise available in the Company's policies and procedures manual.

15. **Stockholder Rights**. The Participant shall have all of the rights of a stockholder with respect to the Shares, including the right to vote the Shares and receive dividends thereon, from the Date of Grant and prior to a forfeiture of the Shares. Stock distributed in connection with a Common Stock split or Common Stock dividend shall be subject to restrictions and a risk of forfeiture to the same extent as the Shares with respect to which such Common Stock has been distributed. On and after the date that any Shares are forfeited in accordance with Paragraph 7, the Participant shall have no further rights as a stockholder with respect to the forfeited Shares. The Company shall retain custody of the certificates evidencing the Shares until the Shares become Vested in accordance with Paragraphs 3, 4 or 5, at which time the Company shall deliver to the Participant a certificate evidencing the Vested Shares.

16. **No Right to Continued Employment**. This Agreement does not confer upon the Participant any right with respect to continuance of employment by the Company or an Affiliate nor shall it interfere in any way with the right of the Company or an Affiliate to terminate the Participant's employment at any time.

17. **Conflicts**. In the event of any conflict between the provisions of the Plan as in effect on the date hereof and the provisions of this Agreement, the provisions of the Plan shall govern. Moreover, in the event of any conflict between the provisions of this Agreement and a separate written employment agreement between the Participant and the Company, the provisions of the separate written employment agreement between the Participant and the Company shall govern. All references herein to the Plan shall mean the Plan as in effect on the date hereof.

18. **Participant Bound by Plan**. The Participant hereby acknowledges that a copy of the Plan has been made available to the Participant and agrees to be bound by all the terms and provisions thereof.

19. **Consent to Electronic Delivery; Electronic Signature**. In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

20. **Entire Agreement; Amendment**. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Shares granted under this Agreement; provided¸ however, that unless otherwise stated herein, the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and the Participant in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

21. **Clawback**. Notwithstanding any provision in this Agreement or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all Shares granted under this Agreement shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

22. **Binding Effect**. Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon and inure to the benefit of the legatees, distributees, and personal representatives of the Participant and the successors of the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Participant has affixed his signature hereto.

NEW YORK MORTGAGE TRUST, INC.

By:

Participant - Signature

Participant - Handwritten Name

Exhibit 21.1

List of Significant Subsidiaries

Name	State of Incorporation	Names under which it does Business
Hypotheca Capital, LLC (formerly known as The New York Mortgage Company, LLC)	New York	n/a
New York Mortgage Funding, LLC	Delaware	n/a
New York Mortgage Trust 2005-1	Delaware	n/a
New York Mortgage Trust 2005-2	Delaware	n/a
New York Mortgage Trust 2005-3	Delaware	n/a
NYMT Loan Financing, LLC	Delaware	n/a
NYMT Commercial Acquisitions, LLC	Delaware	n/a
RB Commercial Mortgage LLC	Delaware	n/a

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 28, 2020, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of New York Mortgage Trust, Inc. on Form 10-K for the year ended December 31, 2019. We consent to the incorporation by reference of said reports in the Registration Statements of New York Mortgage Trust, Inc. on Forms S-3 (File No. 333-226726 and File No. 333-186016) and on Forms S-8 (File No. 333-232452, File No. 333-218165 and File No. 333-167609).

/s/ Grant Thornton LLP

New York, New York
February 28, 2020

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Steven R. Mumma, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2019 of New York Mortgage Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ Steven R. Mumma

Steven R. Mumma
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kristine R. Nario-Eng, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2019 of New York Mortgage Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ Kristine R. Nario-Eng

Kristine R. Nario-Eng
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of New York Mortgage Trust, Inc., (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: February 28, 2020

/s/ Steven R. Mumma
Steven R. Mumma
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: February 28, 2020

/s/ Kristine R. Nario-Eng
Kristine R. Nario-Eng
Chief Financial Officer
(Principal Financial and Accounting Officer)