

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2023

OR

☐ 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

(State or Other Jurisdiction of
Incorporation or Organization)

47-0934168

(I.R.S. Employer
Identification No.)

90 Park Avenue, New York, New York 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
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
6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, \$25.00 Liquidation Preference	NYMTL	NASDAQ Stock Market
7.000% Series G Cumulative Redeemable Preferred Stock, par value \$0.01 per share, \$25.00 Liquidation Preference	NYMTZ	NASDAQ Stock Market

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 ☐

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

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 number of shares of the registrant’s common stock, par value \$0.01 per share, outstanding on April 30, 2023 was 91,180,096.

NEW YORK MORTGAGE TRUST, INC.

FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

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

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

	March 31, 2023	December 31, 2022
	(unaudited)	
ASSETS		
Residential loans, at fair value	\$ 3,374,856	\$ 3,525,080
Multi-family loans, at fair value	95,309	87,534
Investment securities available for sale, at fair value	202,571	99,559
Equity investments, at fair value	191,148	179,746
Cash and cash equivalents	227,753	244,718
Real estate, net	705,906	692,968
Assets of disposal group held for sale	1,150,379	1,151,784
Other assets	222,327	259,356
Total Assets ⁽¹⁾	\$ 6,170,249	\$ 6,240,745
LIABILITIES AND EQUITY		
Liabilities:		
Repurchase agreements	\$ 787,902	\$ 737,023
Collateralized debt obligations (\$638,513 at fair value and \$1,390,991 at amortized cost, net as of March 31, 2023 and \$634,495 at fair value and \$1,468,222 at amortized cost, net as of December 31, 2022)	2,029,504	2,102,717
Senior unsecured notes	97,561	97,384
Subordinated debentures	45,000	45,000
Mortgages payable on real estate, net	397,316	394,707
Liabilities of disposal group held for sale	896,983	883,812
Other liabilities	92,691	115,991
Total liabilities ⁽¹⁾	4,346,957	4,376,634
Commitments and Contingencies (See Note 15)		
Redeemable Non-Controlling Interest in Consolidated Variable Interest Entities	54,352	63,803
Stockholders' Equity:		
Preferred stock, par value \$0.01 per share, 31,500,000 shares authorized, 22,265,817 and 22,284,994 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively (\$556,645 and \$557,125 aggregate liquidation preference as of March 31, 2023 and December 31, 2022, respectively)	537,889	538,351
Common stock, par value \$0.01 per share, 200,000,000 shares authorized, 91,180,096 and 91,193,688 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	912	912
Additional paid-in capital	2,279,131	2,282,691
Accumulated other comprehensive loss	(1,379)	(1,970)
Accumulated deficit	(1,079,047)	(1,052,768)
Company's stockholders' equity	1,737,506	1,767,216
Non-controlling interests	31,434	33,092
Total equity	1,768,940	1,800,308
Total Liabilities and Equity	\$ 6,170,249	\$ 6,240,745

⁽¹⁾ Our condensed 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 March 31, 2023 and December 31, 2022, assets of consolidated VIEs totaled \$4,258,823 and \$4,261,097, respectively, and the liabilities of consolidated VIEs totaled \$3,340,459 and \$3,403,257, respectively. See Note 7 for further discussion.

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

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

	For the Three Months Ended March 31,	
	2023	2022
NET INTEREST INCOME:		
Interest income	\$ 57,136	\$ 58,501
Interest expense	39,335	21,465
Total net interest income	17,801	37,036
NON-INTEREST INCOME (LOSS):		
Realized gains, net	1,081	3,806
Unrealized gains (losses), net	28,489	(83,659)
Income from equity investments	4,511	6,053
Other (loss) income	(9,000)	1,427
Income from real estate		
Rental income	36,281	23,287
Other real estate income	5,465	2,302
Total income from real estate	41,746	25,589
Total non-interest income (loss)	66,827	(46,784)
GENERAL, ADMINISTRATIVE AND OPERATING EXPENSES:		
General and administrative expenses	12,683	14,358
Portfolio operating expenses	7,070	9,489
Expenses related to real estate		
Interest expense, mortgages payable on real estate	22,478	7,157
Depreciation and amortization	6,039	35,586
Other real estate expenses	22,180	12,403
Total expenses related to real estate	50,697	55,146
Total general, administrative and operating expenses	70,450	78,993
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES	14,178	(88,741)
Income tax expense (benefit)	16	(22)
NET INCOME (LOSS)	14,162	(88,719)
Net loss attributable to non-controlling interests	6,701	14,869
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY	20,863	(73,850)
Preferred stock dividends	(10,484)	(10,493)
Gain on repurchase of preferred stock	142	—
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 10,521	\$ (84,343)
Basic earnings (loss) per common share	\$ 0.12	\$ (0.89)
Diluted earnings (loss) per common share	\$ 0.11	\$ (0.89)
Weighted average shares outstanding-basic	91,314	95,199
Weighted average shares outstanding-diluted	91,672	95,199

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

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

	For the Three Months Ended March 31,	
	2023	2022
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 10,521	\$ (84,343)
OTHER COMPREHENSIVE INCOME (LOSS)		
Increase (decrease) in fair value of available for sale securities	591	(2,188)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	591	(2,188)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 11,112	\$ (86,531)

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

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollar amounts in thousands)
(unaudited)
For the Three Months Ended

	Common Stock	Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Company's Stockholders' Equity	Non- Controlling Interest in Consolidated VIEs	Total
Balance, December 31, 2022	\$ 912	\$ 538,351	\$ 2,282,691	\$ (1,052,768)	\$ (1,970)	\$ 1,767,216	\$ 33,092	\$ 1,800,308
Net income (loss) (\$5,501 allocated to redeemable non-controlling interest)	—	—	—	20,863	—	20,863	(1,200)	19,663
Common stock repurchases	(4)	—	(3,606)	—	—	(3,610)	—	(3,610)
Preferred stock repurchases	—	(462)	—	142	—	(320)	—	(320)
Stock based compensation expense, net	4	—	46	—	—	50	—	50
Dividends declared on common stock	—	—	—	(36,562)	—	(36,562)	—	(36,562)
Dividends declared on preferred stock	—	—	—	(10,484)	—	(10,484)	—	(10,484)
Dividends attributable to dividend equivalents	—	—	—	(238)	—	(238)	—	(238)
Increase in fair value of available for sale securities	—	—	—	—	591	591	—	591
Contributions of non-controlling interest in Consolidated VIEs	—	—	—	—	—	—	300	300
Decrease in non-controlling interest related to distributions from Consolidated VIEs	—	—	—	—	—	—	(758)	(758)
Balance, March 31, 2023	<u>\$ 912</u>	<u>\$ 537,889</u>	<u>\$ 2,279,131</u>	<u>\$ (1,079,047)</u>	<u>\$ (1,379)</u>	<u>\$ 1,737,506</u>	<u>\$ 31,434</u>	<u>\$ 1,768,940</u>
Balance, December 31, 2021	\$ 949	\$ 538,221	\$ 2,359,421	\$ (559,338)	\$ 1,778	\$ 2,341,031	\$ 24,359	\$ 2,365,390
Net loss (\$12,628 allocated to redeemable non-controlling interest)	—	—	—	(73,850)	—	(73,850)	(2,241)	(76,091)
Stock based compensation expense, net	4	—	1,348	—	—	1,352	—	1,352
Dividends declared on common stock	—	—	—	(38,125)	—	(38,125)	—	(38,125)
Dividends declared on preferred stock	—	—	—	(10,493)	—	(10,493)	—	(10,493)
Dividends attributable to dividend equivalents	—	—	—	(109)	—	(109)	—	(109)
Decrease in fair value of available for sale securities	—	—	—	—	(2,188)	(2,188)	—	(2,188)
Increase in non-controlling interest related to initial consolidation of VIEs	—	—	—	—	—	—	10,488	10,488
Decrease in non-controlling interest related to distributions from Consolidated VIEs	—	—	—	—	—	—	(223)	(223)
Balance, March 31, 2022	<u>\$ 953</u>	<u>\$ 538,221</u>	<u>\$ 2,360,769</u>	<u>\$ (681,915)</u>	<u>\$ (410)</u>	<u>\$ 2,217,618</u>	<u>\$ 32,383</u>	<u>\$ 2,250,001</u>

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

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

	For the Three Months Ended March 31,	
	2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	\$ 14,162	\$ (88,719)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Net amortization	7,744	5,612
Depreciation and amortization expense related to operating real estate	6,039	35,586
Realized gains, net	(1,081)	(3,806)
Unrealized (gains) losses, net	(28,489)	83,659
Gain on sale of real estate	—	(370)
Impairment of real estate, net	10,275	—
(Gain) loss on extinguishment of collateralized debt obligations and mortgages payable on real estate	(1,170)	603
Income from preferred equity, mezzanine loan and equity investments	(6,948)	(10,506)
Distributions of income from preferred equity, mezzanine loan and equity investments	4,209	19,936
Stock based compensation expense, net	50	1,352
Changes in operating assets and liabilities	(16,195)	(5,165)
Net cash (used in) provided by operating activities	(11,404)	38,182
Cash Flows from Investing Activities:		
Proceeds from sales of investment securities	—	24,374
Principal paydowns received on investment securities	3,789	21,303
Purchases of investment securities	(106,146)	—
Principal repayments received on residential loans	279,089	322,113
Proceeds from sales of residential loans	166	320
Purchases of residential loans	(87,334)	(792,780)
Principal repayments received on preferred equity and mezzanine loan investments	—	9,200
Return of capital from equity investments	4,902	24,250
Funding of preferred equity, mezzanine loan and equity investments	(21,948)	(19,191)
Funding of joint venture investments in Consolidated VIEs	—	(120,520)
Net payments received from derivative instruments	1,605	—
Net proceeds from sale of real estate	1,114	51,790
Cash received from initial consolidation of VIEs	—	5,423
Purchases of and capital expenditures on real estate	(18,138)	(103,122)
Purchases of other assets	(34)	(15)
Net cash provided by (used in) investing activities	57,065	(576,855)
Cash Flows from Financing Activities:		
Net proceeds received from repurchase agreements	50,055	372,281
Proceeds from issuance of collateralized debt obligations, net	—	508,819
Repayment of convertible notes	—	(138,000)
Repurchases of common stock	(3,610)	—
Repurchases of preferred stock	(320)	—
Dividends paid on common stock and dividend equivalents	(37,659)	(38,124)
Dividends paid on preferred stock	(10,493)	(9,924)
Net distributions to non-controlling interest in Consolidated VIEs	(4,408)	(900)
Payments made on and extinguishment of collateralized debt obligations	(80,509)	(48,664)
Payments made on Consolidated SLST CDOs	(10,493)	(33,717)
Net proceeds received from (payments made on) mortgages payable on real estate	13,840	(6,947)
Net cash (used in) provided by financing activities	(83,597)	604,824
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(37,936)	66,151
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	380,938	337,861
Cash, Cash Equivalents and Restricted Cash - End of Period	\$ 343,002	\$ 404,012

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

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

Supplemental Disclosure:

Cash paid for interest	\$	55,042	\$	25,972
Cash paid for income taxes	\$	—	\$	1

Non-Cash Investment Activities:

Consolidation of real estate held in Consolidated VIEs	\$	—	\$	462,216
Consolidation of mortgages payable on real estate held in Consolidated VIEs	\$	—	\$	361,735
Transfer from residential loans to real estate owned	\$	326	\$	879

Non-Cash Financing Activities:

Dividends declared on common stock and dividend equivalents to be paid in subsequent period	\$	38,644	\$	38,514
Dividends declared on preferred stock to be paid in subsequent period	\$	10,484	\$	10,493

Cash, Cash Equivalents and Restricted Cash Reconciliation:

Cash and cash equivalents	\$	227,753	\$	303,762
Restricted cash included in other assets		115,249		100,250
Total cash, cash equivalents, and restricted cash	\$	<u>343,002</u>	\$	<u>404,012</u>

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

NEW YORK MORTGAGE TRUST, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

(unaudited)

1. Organization

New York Mortgage Trust, Inc., together with its consolidated subsidiaries ("NYMT," "we," "our," or the "Company"), is a real estate investment trust ("REIT") in the business of acquiring, investing in, financing and managing primarily mortgage-related single-family and multi-family residential assets. Our objective is to deliver long-term stable distributions to our stockholders over changing economic conditions through a combination of net interest spread and capital gains from a diversified investment portfolio. Our investment portfolio includes credit sensitive single-family and multi-family assets.

The Company conducts its business through the parent company, New York Mortgage Trust, Inc., and several subsidiaries, including taxable REIT subsidiaries ("TRSs"), qualified REIT subsidiaries ("QRSs") and special purpose subsidiaries established for securitization purposes. 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 backed by adjustable-rate, hybrid adjustable-rate, or fixed-rate residential loans;

“Agency RMBS” refers to RMBS representing interests in or obligations backed by pools of residential 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;

“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 issued by a GSE, 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;

“CDO” refers to collateralized debt obligation and includes debt that permanently finances the residential loans held in Consolidated SLST and the Company’s residential loans held in securitization trusts that we consolidate, or consolidated, in our financial statements in accordance with GAAP;

“business purpose loans” refers to (i) short-term loans that are collateralized by residential properties and are made to investors who intend to rehabilitate and sell the residential property for a profit or (ii) loans that finance (or refinance) non-owner occupied residential properties that are rented to one or more tenants;

“Consolidated SLST” refers to a Freddie Mac-sponsored residential loan securitization, comprised of seasoned re-performing and non-performing residential loans, of which we own or owned the first loss subordinated securities and certain IOs and senior securities that we consolidate in our financial statements in accordance with GAAP; and

“SOFR” refers to Secured Overnight Funding Rate.

Basis of Presentation – On March 9, 2023, the Company effected a one-for-four reverse stock split of its issued, outstanding and authorized shares of common stock (the “Reverse Stock Split”). Accordingly, all common share and per common share data for all periods presented in these condensed consolidated financial statements and notes thereto have been adjusted on a retroactive basis to reflect the impact of the Reverse Stock Split.

The accompanying condensed consolidated balance sheet as of December 31, 2022 has been derived from audited financial statements. The accompanying condensed consolidated balance sheet as of March 31, 2023, the accompanying condensed consolidated statements of operations for the three months ended March 31, 2023 and 2022, the accompanying condensed consolidated statements of comprehensive income (loss) for the three months ended March 31, 2023 and 2022, the accompanying condensed consolidated statements of changes in stockholders’ equity for the three months ended March 31, 2023 and 2022 and the accompanying condensed consolidated statements of cash flows for the three months ended March 31, 2023 and 2022 are unaudited. In our opinion, all adjustments (which include only normal recurring adjustments) necessary to present fairly the Company’s financial position, results of operations and cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with Article 10 of Regulation S-X and the instructions to Form 10-Q. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the U.S. Securities and Exchange Commission (“SEC”). Accordingly, significant accounting policies and other disclosures have been omitted since such items are disclosed in Note 2 in the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022. Provided in this section is a summary of additional accounting policies that are significant to, or newly adopted by, the Company for the three months ended March 31, 2023. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the operating results for the full year.

The accompanying condensed 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 residential loans, multi-family loans, certain equity investments, real estate held by Consolidated VIEs and Consolidated SLST CDOs. 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 in the accompanying condensed consolidated financial statements to conform to current period presentation. In particular, prior period disclosures have been adjusted for the aforementioned Reverse Stock Split. Additionally, prior period disclosures have been conformed to the current period presentation of interest expense, mortgages payable on real estate. Starting in the fourth quarter of 2022, interest expense, mortgages payable on real estate is presented in expenses related to real estate on the Company's condensed consolidated statements of operations. Previously, interest expense, mortgages payable on real estate was presented in interest expense and net interest income on the Company's condensed consolidated statements of operations.

Principles of Consolidation and Variable Interest Entities – The accompanying condensed 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 (*see Note 7*).

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 in accordance with ASC 810, *Consolidation* ("ASC 810") 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.

The Company evaluates the initial consolidation of each Consolidated VIE, which includes a determination of whether the VIE constitutes the definition of a business in accordance with ASC 805, *Business Combinations* ("ASC 805"), by considering if substantially all of the fair value of the gross assets within the VIE are concentrated in either a single identifiable asset or group of single identifiable assets. Upon consolidation, the Company recognizes the assets acquired, the liabilities assumed, and any third-party ownership of membership interests as non-controlling interest as of the consolidation or acquisition date, measured at their relative fair values (*see Note 7*). Non-controlling interest in Consolidated VIEs is adjusted prospectively for its share of the allocation of income or loss and equity contributions and distributions from each respective Consolidated VIE. The third-party owners of certain of the non-controlling interests in Consolidated VIEs have the ability to sell their ownership interests to the Company, at their election, subject to certain conditions. The Company has classified these third-party ownership interests as redeemable non-controlling interest in Consolidated VIEs in mezzanine equity on the accompanying condensed consolidated balance sheets.

Derivative Financial Instruments – The Company enters into various types of derivative financial instruments in connection with its risk management activities which are recorded on the accompanying condensed consolidated balance sheets as assets or liabilities at fair value in accordance with ASC 815, *Derivatives and Hedging* ("ASC 815"). Changes in fair value are accounted for depending on the use of the derivative financial instruments and whether they qualify for hedge accounting treatment. The Company elected not to apply hedge accounting for its derivative financial instruments; accordingly, all changes in fair value are reported on the accompanying condensed consolidated statements of operations as unrealized gains (losses), net.

The Company is subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Primarily to help mitigate interest rate risk, the Company may enter into interest rate swaps. Interest rate swaps are contractual agreements whereby one party pays a floating interest rate on a notional principal amount and receives a fixed-rate payment on the same notional principal, or vice versa, for a fixed period of time. Interest rate swaps change in value with movements in interest rates. All of the Company's interest rate swaps are cleared through a central clearing house which requires that the Company post an initial margin amount determined by the central clearing house, which is generally intended to be set at a level sufficient to protect the exchange from the derivative financial instrument's maximum estimated single-day price movement. The Company also exchanges variation margin based upon daily changes in fair value, as measured by the central clearing house. The exchange of variation margin is treated as a legal settlement of the exposure under the interest rate swap contract, as opposed to pledged collateral. Accordingly, the Company accounts 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. The receipt or payment of initial margin is accounted for separate from the interest rate swap asset or liability and classified within restricted cash and included in other assets on the accompanying condensed consolidated balance sheets. Any additional margin fundings, in excess of initial margin and variation margin, are included in other assets on the accompanying condensed consolidated balance sheets.

Summary of Recent Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). ASU 2020-04 provides optional expedients and exceptions to GAAP requirements for modifications to debt agreements, leases, derivatives and other contracts, related to the expected market transition from LIBOR, and certain other floating rate benchmark indices, or collectively, IBORs, to alternative reference rates. ASU 2020-04 generally considers contract modifications related to reference rate reform to be an event that does not require contract remeasurement at the modification date nor a reassessment of a previous accounting determination. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope* ("ASU 2021-01"). ASU 2021-01 clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the "discounting transition" (i.e., changes in the interest rates used for margining, discounting, or contract price alignment for derivative instruments that are being implemented as part of the market-wide transition to new reference rates). Once ASU 2020-04 is elected, the guidance must be applied prospectively for all eligible contract modifications. The amendments in ASU 2021-01 were effective immediately and may be applied on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 or on a prospective basis for eligible contract modifications. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"), which allows ASU 2020-04 to be adopted and applied prospectively to contract modifications made on or before December 31, 2024. The Company continues to evaluate the impact of ASU 2020-04 and ASU 2021-01 on its financing transactions that are subject to LIBOR and may apply elections, as applicable, as the expected market transition from IBORs to alternative reference rates continues to develop.

3. Residential Loans, at Fair Value

The Company's acquired residential loans, including performing, re-performing and non-performing residential loans, and business purpose loans, are presented at fair value on its condensed consolidated balance sheets as a result of a fair value election. Subsequent changes in fair value are reported in current period earnings and presented in unrealized gains (losses), net on the Company's condensed consolidated statements of operations.

The following table presents the Company's residential loans, at fair value, which consist of residential loans held by the Company, Consolidated SLST and other securitization trusts, as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023				December 31, 2022			
	Residential loans ⁽¹⁾	Consolidated SLST ⁽²⁾	Residential loans held in securitization trusts ⁽³⁾	Total	Residential loans ⁽¹⁾	Consolidated SLST ⁽²⁾	Residential loans held in securitization trusts ⁽³⁾	Total
Principal	\$ 992,993	\$ 941,329	\$ 1,766,819	\$ 3,701,141	\$ 1,152,502	\$ 955,579	\$ 1,790,179	\$ 3,898,260
(Discount)/premium	(21,949)	(5,801)	(59,147)	(86,897)	(22,179)	(5,815)	(60,745)	(88,739)
Unrealized (losses) gains	(50,044)	(106,375)	(82,969)	(239,388)	(48,939)	(122,182)	(113,320)	(284,441)
Carrying value	<u>\$ 921,000</u>	<u>\$ 829,153</u>	<u>\$ 1,624,703</u>	<u>\$ 3,374,856</u>	<u>\$ 1,081,384</u>	<u>\$ 827,582</u>	<u>\$ 1,616,114</u>	<u>\$ 3,525,080</u>

⁽¹⁾ Certain of the Company's residential loans, at fair value are pledged as collateral for repurchase agreements as of March 31, 2023 and December 31, 2022 (see Note 12).

⁽²⁾ The Company invests in first loss subordinated securities and certain IOs issued by a Freddie Mac-sponsored residential loan securitization. In accordance with GAAP, the Company has consolidated the underlying seasoned re-performing and non-performing residential loans held in the securitization and the CDOs issued to permanently finance these residential loans, representing Consolidated SLST. Consolidated SLST CDOs are included in collateralized debt obligations on the Company's condensed consolidated balance sheets (see Note 13).

⁽³⁾ The Company's residential loans held in securitization trusts are pledged as collateral for CDOs issued by the Company. These CDOs are accounted for as financings and included in collateralized debt obligations on the Company's condensed consolidated balance sheets (see Note 13).

The following table presents the unrealized gains (losses), net attributable to residential loans, at fair value for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	For the Three Months Ended					
	March 31, 2023			March 31, 2022		
	Residential loans	Consolidated SLST ⁽¹⁾	Residential loans held in securitization trusts	Residential loans	Consolidated SLST ⁽¹⁾	Residential loans held in securitization trusts
Unrealized (losses) gains, net	\$ (1,307)	\$ 15,807	\$ 30,554	\$ (25,524)	\$ (66,645)	\$ (37,774)

⁽¹⁾ In accordance with the practical expedient in ASC 810, the Company determines the fair value of the residential loans held in Consolidated SLST based on the fair value of the CDOs issued by Consolidated SLST, including investment securities we own, as the fair value of these instruments is more observable (see Note 16). See Note 7 for unrealized gains (losses), net recognized by the Company on its investment in Consolidated SLST, which include unrealized gains (losses) on the residential loans held in Consolidated SLST presented in the table above and unrealized gains (losses) on the CDOs issued by Consolidated SLST.

The Company recognized \$2.0 million and \$3.9 million of net realized gains on the payoff of residential loans, at fair value during the three months ended March 31, 2023 and 2022, respectively.

The geographic concentrations of credit risk exceeding 5% of the unpaid principal balance of residential loans, at fair value as of March 31, 2023 and December 31, 2022, respectively, are as follows:

	March 31, 2023			December 31, 2022		
	Residential loans	Consolidated SLST	Residential loans held in securitization trusts	Residential loans	Consolidated SLST	Residential loans held in securitization trusts
California	23.5 %	10.6 %	17.9 %	24.3 %	10.6 %	19.2 %
Florida	14.3 %	10.3 %	10.0 %	13.2 %	10.3 %	10.2 %
New York	8.4 %	9.8 %	8.4 %	8.0 %	9.8 %	8.6 %
New Jersey	6.4 %	7.5 %	5.6 %	6.3 %	7.4 %	5.6 %
Texas	6.4 %	3.9 %	7.8 %	7.0 %	4.0 %	7.3 %
Illinois	2.6 %	7.2 %	3.5 %	2.6 %	7.2 %	3.2 %

The following table presents the fair value and aggregate unpaid principal balance of the Company's residential loans and residential loans held in securitization trusts in non-accrual status as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	Greater than 90 days past due		Less than 90 days past due	
	Fair Value	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance
March 31, 2023	\$ 187,929	\$ 209,673	\$ 9,594	\$ 10,397
December 31, 2022	149,076	159,981	8,382	9,132

Residential loans held in Consolidated SLST with an aggregate unpaid principal balance of \$122.1 million and \$143.2 million were 90 days or more delinquent as of March 31, 2023 and December 31, 2022, respectively.

4. Multi-family Loans, at Fair Value

The Company's multi-family loans consisting of its preferred equity in, and mezzanine loans to, entities that have multi-family real estate assets are presented at fair value on the Company's condensed consolidated balance sheets as a result of a fair value election. Accordingly, changes in fair value are presented in unrealized gains (losses), net on the Company's condensed consolidated statements of operations. Multi-family loans consist of the following as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Investment amount	\$ 95,640	\$ 88,249
Deferred loan fees, net	(497)	(428)
Unrealized gains (losses), net	166	(287)
Total, at Fair Value	<u>\$ 95,309</u>	<u>\$ 87,534</u>

For the three months ended March 31, 2023 and 2022, the Company recognized \$0.5 million in net unrealized gains and \$0.5 million in net unrealized losses on multi-family loans, respectively.

For the three months ended March 31, 2023, the Company recognized no premiums resulting from early redemption of multi-family loans. For the three months ended March 31, 2022, the Company recognized \$0.8 million in premiums resulting from early redemption of multi-family loans, which are included in other income on the accompanying condensed consolidated statements of operations.

The table below presents the fair value and aggregate unpaid principal balance of the Company's multi-family loans in non-accrual status as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

Days Late	March 31, 2023		December 31, 2022	
	Fair Value	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance
90 +	\$ 4,753	\$ 3,363	\$ 4,523	\$ 3,363

The geographic concentrations of credit risk exceeding 5% of the total multi-family loan investment amounts as of March 31, 2023 and December 31, 2022, respectively, are as follows:

	March 31, 2023	December 31, 2022
Texas	35.0 %	30.1 %
Tennessee	14.6 %	15.6 %
Florida	10.2 %	10.9 %
Ohio	8.9 %	9.7 %
Louisiana	7.0 %	7.5 %
Alabama	6.7 %	7.1 %
North Carolina	5.7 %	6.1 %
Indiana	5.3 %	5.7 %

5. Investment Securities Available For Sale, at Fair Value

The Company accounts for certain of its investment securities available for sale using the fair value election pursuant to ASC 825, *Financial Instruments* ("ASC 825"), where changes in fair value are recorded in unrealized gains (losses), net on the Company's condensed consolidated statements of operations. The Company also has investment securities available for sale where the fair value option has not been elected, which we refer to as CECL Securities. CECL Securities are reported at fair value with unrealized gains and losses recorded in other comprehensive income (loss) on the Company's condensed consolidated statements of comprehensive income (loss). The Company's investment securities available for sale consisted of the following as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023				December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Fair Value Option								
Agency RMBS	\$ 106,116	\$ 1,084	\$ —	\$ 107,200	\$ —	\$ —	\$ —	\$ —
Non-Agency RMBS	44,483	8,878	(13,434)	39,927	48,958	9,436	(13,469)	44,925
CMBS	32,025	—	(1,357)	30,668	32,033	—	(1,900)	30,133
ABS	683	—	(191)	492	797	59	—	856
Total investment securities available for sale - fair value option	183,307	9,962	(14,982)	178,287	81,788	9,495	(15,369)	75,914
CECL Securities								
Non-Agency RMBS	25,663	—	(1,379)	24,284	25,616	—	(1,971)	23,645
Total investment securities available for sale - CECL Securities	25,663	—	(1,379)	24,284	25,616	—	(1,971)	23,645
Total	\$ 208,970	\$ 9,962	\$ (16,361)	\$ 202,571	\$ 107,404	\$ 9,495	\$ (17,340)	\$ 99,559

Accrued interest receivable for investment securities available for sale in the amount of \$0.9 million and \$0.4 million as of March 31, 2023 and December 31, 2022, respectively, is included in other assets on the Company's condensed consolidated balance sheets.

For the three months ended March 31, 2023 and 2022, the Company recognized \$0.9 million in net unrealized gains and \$4.6 million in net unrealized losses on investment securities available for sale accounted for under the fair value option, respectively.

Realized Gain and Loss Activity

The Company did not sell investment securities during the three months ended March 31, 2023. The following table summarizes our investment securities sold during the three months ended March 31, 2022 (dollar amounts in thousands):

Three Months Ended March 31, 2022				
	Sales Proceeds	Realized Gains	Realized Losses	Net Realized Gains (Losses)
Non-Agency RMBS	\$ 24,374	\$ 374	\$ —	\$ 374
Total	\$ 24,374	\$ 374	\$ —	\$ 374

Weighted Average Life

Actual maturities of our investment securities available for sale are generally shorter than stated contractual maturities (with contractual maturities up to 36 years), as they are affected by periodic payments and prepayments of principal on the underlying mortgages. As of March 31, 2023 and December 31, 2022, based on management's estimates, the weighted average life of the Company's investment securities available for sale portfolio was approximately 8.6 years and 7.6 years, respectively.

The following table sets forth the weighted average lives of our investment securities available for sale as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

Weighted Average Life	March 31, 2023	December 31, 2022
0 to 5 years	\$ 35,025	\$ 39,655
Over 5 to 10 years	152,858	46,558
10+ years	14,688	13,346
Total	\$ 202,571	\$ 99,559

Unrealized Losses in Other Comprehensive Income (Loss)

The Company evaluated its CECL Securities that were in an unrealized loss position as of March 31, 2023 and December 31, 2022, respectively, and determined that no allowance for credit losses was necessary. The Company did not recognize credit losses for its CECL Securities through earnings for the three months ended March 31, 2023 and 2022.

The following table presents the Company's CECL Securities in an unrealized loss position with no credit losses reported, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

March 31, 2023	Less than 12 months		Greater than 12 months		Total	
	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses
Non-Agency RMBS	\$ 15,997	\$ (533)	\$ 8,287	\$ (846)	\$ 24,284	\$ (1,379)
Total	\$ 15,997	\$ (533)	\$ 8,287	\$ (846)	\$ 24,284	\$ (1,379)

December 31, 2022	Less than 12 months		Greater than 12 months		Total	
	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses	Carrying Value	Gross Unrealized Losses
Non-Agency RMBS	\$ 23,609	\$ (1,966)	\$ 36	\$ (5)	\$ 23,645	\$ (1,971)
Total	\$ 23,609	\$ (1,966)	\$ 36	\$ (5)	\$ 23,645	\$ (1,971)

At March 31, 2023, the Company did not intend to sell any of its investment securities available for sale that were in an unrealized loss position, and it was “more likely than not” that the Company would not be required to sell these securities before recovery of their amortized cost basis, which may be at their maturity.

Credit risk associated with non-Agency RMBS 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. In performing its assessment, the Company considers past and expected future performance of the underlying collateral, including timing of expected future cash flows, prepayment rates, default rates, loss severities, delinquency rates, current levels of subordination, volatility of the security's fair value, temporary declines in liquidity for the asset class and interest rate changes since purchase. Based upon the most recent evaluation, the Company 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.

6. Equity Investments, at Fair Value

The Company's equity investments consist of, or have consisted 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 (or multi-family preferred equity ownership interests), equity ownership interests in entities that invest in single-family properties and originate residential loans (or single-family equity ownership interests) and joint venture equity investments in multi-family properties. The Company's equity investments are accounted for under the equity method and are presented at fair value on its condensed consolidated balance sheets as a result of a fair value election.

The following table presents the Company's equity investments as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

Investment Name	March 31, 2023		December 31, 2022	
	Ownership Interest	Fair Value	Ownership Interest	Fair Value
Multi-Family Preferred Equity Ownership Interests				
1122 Chicago DE, LLC	53%	\$ 8,426	53%	\$ 8,276
Bighaus, LLC	42%	16,739	42%	16,482
FF/RMI 20 Midtown, LLC	51%	27,525	51%	27,079
Palms at Cape Coral, LLC	34%	5,530	34%	5,429
America Walks at Port St. Lucie, LLC	62%	25,177	62%	29,873
EHOF-NYMT Sunset Apartments Preferred, LLC	57%	18,510	57%	18,139
Lucie at Tradition Holdings, LLC	70%	18,016	70%	17,576
Syracuse Apartments and Townhomes, LLC	58%	20,478	58%	20,115
Hudson Bridge Apartments, LLC - Series A, Briar Hill Apartments, LLC, Kings Glen Apartments, LLC, Flagstone Apartments, LLC, Brookfield Apartments II, LLC - Series B, and Silber JBSM Properties, LLC (collectively)	58%	9,422	58%	9,277
Tides on 27th Investors, LLC	54%	16,325	—	—
Total - Multi-Family Preferred Equity Ownership Interests		166,148		152,246
Single-Family Equity Ownership Interests				
Constructive Loans, LLC ⁽¹⁾	50%	25,000	—	27,500
Total - Single-Family Equity Ownership Interests		25,000		27,500
Total		\$ 191,148		\$ 179,746

⁽¹⁾ The Company exercised its option to purchase 50% of the issued and outstanding interests of an entity that originates residential loans during the three months ended March 31, 2023. The Company purchased \$16.0 million and \$170.2 million of residential loans from the entity during the three months ended March 31, 2023 and 2022, respectively.

The Company records its equity in earnings or losses from its multi-family preferred equity ownership interests under the hypothetical liquidation of book value method of accounting due to the structures and the preferences it receives on the distributions from these entities pursuant to the respective agreements. Under this method, the Company recognizes income or loss in each period based on the change in liquidation proceeds it would receive from a hypothetical liquidation of its investment. Pursuant to the fair value election, changes in fair value of the Company's multi-family preferred equity ownership interests are reported in current period earnings.

The following table presents income from multi-family preferred equity ownership interests for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands). Income from these investments is presented in income from equity investments in the Company's accompanying condensed consolidated statements of operations. Income from these investments during the three months ended March 31, 2023 and 2022 includes \$0.6 million and \$0.1 million of net unrealized gains, respectively.

Investment Name	Three Months Ended March 31,	
	2023	2022
1122 Chicago DE, LLC	\$ 251	\$ 237
Bighaus, LLC	537	465
FF/RMI 20 Midtown, LLC	799	798
Palms at Cape Coral, LLC	177	155
America Walks at Port St. Lucie, LLC	1,126	902
EHOF-NYMT Sunset Apartments Preferred, LLC	625	549
Lucie at Tradition Holdings, LLC	684	601
Syracuse Apartments and Townhomes, LLC	654	516
Hudson Bridge Apartments, LLC - Series A, Briar Hill Apartments, LLC, Kings Glen Apartments, LLC, Flagstone Apartments, LLC, Brookfield Apartments II, LLC - Series B, and Silber JBSM Properties, LLC (collectively)	301	—
Tides on 27th Investors, LLC	797	—
DCP Gold Creek, LLC	—	853
Rigsbee Ave Holdings, LLC	—	(174)
Walnut Creek Properties Holdings, L.L.C.	—	(153)
Lurin-RMI, LLC	—	280
Somerset Deerfield Investor, LLC	—	587
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)	—	159
Total Income - Multi-Family Preferred Equity Ownership Interests	\$ 5,951	\$ 5,775

For the three months ended March 31, 2023, the Company recognized no premiums resulting from early redemption of multi-family preferred equity ownership interests included in equity investments. For the three months ended March 31, 2022, the Company recognized \$0.7 million in premiums resulting from early redemption of multi-family preferred equity ownership interests included in equity investments, which are included in other income on the accompanying condensed consolidated statement of operations.

Income from single-family equity ownership interests and joint venture equity investments in multi-family properties that are accounted for under the equity method using the fair value option is presented in income from equity investments in the Company's accompanying condensed consolidated statements of operations. The following table presents income (loss) from these investments for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

Investment Name	Three Months Ended March 31,	
	2023	2022
Single-Family Equity Ownership Interests		
Constructive Loans, LLC ⁽¹⁾	\$ (2,500)	\$ —
Morrocroft Neighborhood Stabilization Fund II, LP ⁽²⁾	—	28
Total (Loss) Income - Single-Family Equity Ownership Interests	<u>\$ (2,500)</u>	<u>\$ 28</u>
Joint Venture Equity Investments in Multi-Family Properties ⁽³⁾		
GWR Cedars Partners, LLC	\$ 413	\$ 100
GWR Gateway Partners, LLC	647	150
Total Income - Joint Venture Equity Investments in Multi-Family Properties	<u>\$ 1,060</u>	<u>\$ 250</u>

⁽¹⁾ Includes a net unrealized loss of \$3.2 million for the three months ended March 31, 2023. The Company did not recognize any unrealized gains or losses for the three months ended March 31, 2022.

⁽²⁾ The Company's equity investment was redeemed during the year ended December 31, 2022.

⁽³⁾ The Company's joint venture equity investments in multi-family properties were transferred to assets of disposal group held for sale during the year ended December 31, 2022 (*see Note 9*). Includes net unrealized gains of \$1.1 million and \$0.3 million for the three months ended March 31, 2023 and 2022, respectively.

7. Use of Special Purpose Entities (SPE) and Variable Interest Entities (VIE)

Financing VIEs

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 financing transactions, including residential loan securitizations and re-securitizations, 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 March 31, 2023 and December 31, 2022, the Company evaluated its residential 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 (each a "Financing VIE" and collectively, the "Financing VIEs"). Accordingly, the Company consolidated the then-outstanding Financing VIEs as of March 31, 2023 and December 31, 2022.

Consolidated SLST

The Company invests in subordinated securities that represent the first loss position of the Freddie Mac-sponsored residential 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 loan securitization trust, which we refer to as Consolidated SLST, is a VIE as of March 31, 2023 and December 31, 2022, and that the Company is the primary beneficiary of the VIE within Consolidated SLST. Accordingly, the Company has consolidated the assets, liabilities, income and expenses of such VIE in the accompanying condensed consolidated financial statements (*see Notes 2, 3 and 13*). 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 condensed consolidated statements of operations.

As of March 31, 2023 and December 31, 2022, the Consolidated SLST securities owned by the Company had a fair value of \$188.5 million and \$191.5 million, respectively (*see Note 16*). The Company's investments in Consolidated SLST securities were not included as collateral to any Financing VIE as of March 31, 2023 and December 31, 2022.

Consolidated Real Estate VIEs

The Company owns joint venture equity investments in entities that own multi-family apartment communities, which the Company determined to be VIEs and for which the Company is the primary beneficiary. Accordingly, the Company consolidates the assets, liabilities, income and expenses of these VIEs in the accompanying condensed consolidated financial statements with non-controlling interests or redeemable non-controlling interests for the third-party ownership of the joint ventures' membership interests. The Company accounted for the initial consolidation of the joint venture equity investments and real estate acquisitions by a Consolidated VIE in accordance with asset acquisition provisions of ASC 805, as substantially all of the fair value of the assets within the entities are concentrated in either a single identifiable asset or group of similar identifiable assets.

During the year ended December 31, 2020, the Company reconsidered its evaluation of its variable interest in a VIE that owned a multi-family apartment community and in 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 the VIE and consolidated this VIE into its condensed consolidated financial statements. Subsequently, in July 2021, the VIE redeemed its non-controlling interest which resulted in an equity transaction accounted for by the Company in accordance with ASC 810. In addition, the Company reconsidered its evaluation of its investment in the entity and determined that the entity no longer met the criteria for being characterized as a VIE and is a wholly-owned subsidiary of the Company. In March 2022, the entity completed the sale of its multi-family apartment community and redeemed the Company's preferred equity investment (*see Note 8*).

The following table summarizes the aggregate estimated fair value of the assets, liabilities and non-controlling interests associated with the initial consolidation of the joint venture entities and real estate acquisitions by a Consolidated VIE during the three months ended March 31, 2022 (dollar amounts in thousands):

Cash ⁽¹⁾	\$	7,102
Operating real estate ⁽¹⁾⁽²⁾		528,768
Lease intangibles ⁽¹⁾⁽³⁾		27,461
Other assets ⁽¹⁾		6,130
Total assets		569,461
Mortgages payable on real estate, net ⁽¹⁾		409,756
Other liabilities ⁽¹⁾		3,180
Total liabilities		412,936
Non-controlling interests ⁽⁴⁾		10,488
Net assets consolidated	\$	146,037

⁽¹⁾ In September 2022, the Company announced a repositioning of its business through the opportunistic disposition over time of the Company's joint venture equity investments in multi-family properties and reallocation of its capital away from such assets to its targeted assets. Accordingly, the Company determined that certain joint venture equity investments met the criteria to be classified as held for sale and transferred the assets and liabilities of the respective Consolidated VIEs to assets and liabilities of disposal group held for sale in the accompanying condensed consolidated balance sheets. See *Note 9* for additional information.

⁽²⁾ For joint venture equity investments that are not held for sale, operating real estate is included in real estate, net in the accompanying condensed consolidated balance sheets.

⁽³⁾ For joint venture equity investments that are not held for sale, lease intangibles are included in other assets in the accompanying condensed consolidated balance sheets.

⁽⁴⁾ Represents third-party ownership of membership interests in Consolidated Real Estate VIEs.

In analyzing whether the Company is the primary beneficiary of the Financing VIEs, Consolidated SLST and Consolidated Real Estate 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 following table presents a summary of the assets, liabilities and non-controlling interests of the Company's residential loan securitizations, Consolidated SLST and Consolidated Real Estate VIEs as of March 31, 2023 (dollar amounts in thousands). Intercompany balances have been eliminated for purposes of this presentation.

	Financing VIEs	Other VIEs		
	Residential Loan Securitizations	Consolidated SLST	Consolidated Real Estate	Total
Cash and cash equivalents	\$ —	\$ —	\$ 11,971	\$ 11,971
Residential loans, at fair value	1,624,703	829,153	—	2,453,856
Real estate, net held in Consolidated VIEs ⁽¹⁾	—	—	543,471	543,471
Assets of disposal group held for sale ⁽²⁾	—	—	1,140,308	1,140,308
Other assets	96,699	3,122	9,396	109,217
Total assets	\$ 1,721,402	\$ 832,275	\$ 1,705,146	\$ 4,258,823
Collateralized debt obligations (\$1,390,991 at amortized cost, net and \$638,513 at fair value)	\$ 1,390,991	\$ 638,513	\$ —	\$ 2,029,504
Mortgages payable on real estate, net in Consolidated VIEs ⁽³⁾	—	—	397,316	397,316
Liabilities of disposal group held for sale ⁽²⁾	—	—	896,983	896,983
Other liabilities	6,624	3,883	6,149	16,656
Total liabilities	\$ 1,397,615	\$ 642,396	\$ 1,300,448	\$ 3,340,459
Redeemable non-controlling interest in Consolidated VIEs ⁽⁴⁾	\$ —	\$ —	\$ 54,352	\$ 54,352
Non-controlling interest in Consolidated VIEs ⁽⁵⁾	\$ —	\$ —	\$ 31,309	\$ 31,309
Net investment ⁽⁶⁾	\$ 323,787	\$ 189,879	\$ 319,037	\$ 832,703

⁽¹⁾ Included in real estate, net in the accompanying condensed consolidated balance sheets.

⁽²⁾ Represents assets and liabilities, respectively, of certain Consolidated Real Estate VIEs included in disposal group held for sale (see Note 9).

⁽³⁾ Included in mortgages payable on real estate, net in the accompanying condensed consolidated balance sheets.

⁽⁴⁾ Represents redeemable third-party ownership of membership interests in Consolidated Real Estate VIEs. See *Redeemable Non-Controlling Interest in Consolidated VIEs* below.

⁽⁵⁾ Represents third-party ownership of membership interests in Consolidated Real Estate VIEs.

⁽⁶⁾ The net investment amount is the maximum amount of the Company's investment that is at risk to loss and represents the difference between the carrying value of total assets and total liabilities held by VIEs, less non-controlling interests, if any.

The following table presents a summary of the assets, liabilities and non-controlling interests of the Company's residential loan securitizations, Consolidated SLST and Consolidated Real Estate VIEs as of December 31, 2022 (dollar amounts in thousands). Intercompany balances have been eliminated for purposes of this presentation.

	Financing VIEs	Other VIEs		
	Residential Loan Securitizations	Consolidated SLST	Consolidated Real Estate	Total
Cash and cash equivalents	\$ —	\$ —	\$ 21,129	\$ 21,129
Residential loans, at fair value	1,616,114	827,582	—	2,443,696
Real estate, net held in Consolidated VIEs ⁽¹⁾	—	—	543,739	543,739
Assets of disposal group held for sale ⁽²⁾	—	—	1,142,773	1,142,773
Other assets	92,906	3,168	13,686	109,760
Total assets	<u>\$ 1,709,020</u>	<u>\$ 830,750</u>	<u>\$ 1,721,327</u>	<u>\$ 4,261,097</u>
Collateralized debt obligations (\$1,468,222 at amortized cost, net and \$634,495 at fair value)	\$ 1,468,222	\$ 634,495	\$ —	\$ 2,102,717
Mortgages payable on real estate, net in Consolidated VIEs ⁽³⁾	—	—	394,707	394,707
Liabilities of disposal group held for sale ⁽²⁾	—	—	883,812	883,812
Other liabilities	8,168	3,342	10,511	22,021
Total liabilities	<u>\$ 1,476,390</u>	<u>\$ 637,837</u>	<u>\$ 1,289,030</u>	<u>\$ 3,403,257</u>
Redeemable non-controlling interest in Consolidated VIEs ⁽⁴⁾	\$ —	\$ —	\$ 63,803	\$ 63,803
Non-controlling interest in Consolidated VIEs ⁽⁵⁾	\$ —	\$ —	\$ 32,967	\$ 32,967
Net investment ⁽⁶⁾	<u>\$ 232,630</u>	<u>\$ 192,913</u>	<u>\$ 335,527</u>	<u>\$ 761,070</u>

⁽¹⁾ Included in real estate, net in the accompanying condensed consolidated balance sheets.

⁽²⁾ Represents assets and liabilities, respectively, of certain Consolidated Real Estate VIEs included in disposal group held for sale (see Note 9).

⁽³⁾ Included in mortgages payable on real estate, net in the accompanying condensed consolidated balance sheets.

⁽⁴⁾ Represents redeemable third-party ownership of membership interests in Consolidated Real Estate VIEs. See *Redeemable Non-Controlling Interest in Consolidated VIEs* below.

⁽⁵⁾ Represents third-party ownership of membership interests in Consolidated Real Estate VIEs.

⁽⁶⁾ The net investment amount is the maximum amount of the Company's investment that is at risk to loss and represents the difference between the carrying value of total assets and total liabilities held by VIEs, less non-controlling interests, if any.

The following table presents condensed statements of operations for non-Company-sponsored VIEs for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands). The following table includes net (loss) income from assets and liabilities of disposal group held for sale and intercompany balances have been eliminated for purposes of this presentation.

	Three Months Ended March 31,					
	2023			2022		
	Consolidated SLST	Consolidated Real Estate	Total	Consolidated SLST	Consolidated Real Estate	Total
Interest income	\$ 8,733	\$ —	\$ 8,733	\$ 9,380	\$ —	\$ 9,380
Interest expense	6,315	—	6,315	5,978	—	5,978
Total net interest income	2,418	—	2,418	3,402	—	3,402
Unrealized gains (losses), net	2,299	(1,298)	1,001	(15,279)	—	(15,279)
Income from real estate	—	39,075	39,075	—	23,637	23,637
Other losses	—	(10,259)	(10,259)	—	—	—
Total non-interest income (loss)	2,299	27,518	29,817	(15,279)	23,637	8,358
Expenses related to real estate	—	48,062	48,062	—	53,281	53,281
Net income (loss)	4,717	(20,544)	(15,827)	(11,877)	(29,644)	(41,521)
Net loss attributable to non-controlling interest in Consolidated VIEs	—	6,701	6,701	—	14,869	14,869
Net income (loss) attributable to Company	\$ 4,717	\$ (13,843)	\$ (9,126)	\$ (11,877)	\$ (14,775)	\$ (26,652)

Redeemable Non-Controlling Interest in Consolidated VIEs

The third-party owners of certain of the non-controlling interests in Consolidated VIEs have the ability to sell their ownership interests to the Company, at their election. The Company has classified these third-party ownership interests as redeemable non-controlling interests in Consolidated VIEs in mezzanine equity on the accompanying condensed consolidated balance sheets. The holders of the redeemable non-controlling interests may elect to sell their ownership interests to the Company at fair value once a year and the sales are subject to annual minimum and maximum amount limitations.

The following table presents activity in redeemable non-controlling interest in Consolidated VIEs for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Beginning balance	\$ 63,803	\$ 66,392
Contributions	—	274
Distributions	(3,950)	(677)
Net loss attributable to redeemable non-controlling interest in Consolidated VIEs	(5,501)	(12,628)
Ending balance	\$ 54,352	\$ 53,361

Unconsolidated VIEs

As of March 31, 2023 and December 31, 2022, the Company evaluated its investment securities available for sale, preferred equity 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 March 31, 2023 and December 31, 2022, 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 March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

March 31, 2023					
	Multi-family loans	Investment securities available for sale, at fair value	Equity investments	Assets of disposal group held for sale	Total
ABS	\$ —	\$ 492	\$ —	\$ —	\$ 492
Non-Agency RMBS	—	28,125	—	—	28,125
Preferred equity investments in multi-family properties	95,309	—	166,148	—	261,457
Joint venture equity investments in multi-family properties	—	—	—	10,070	10,070
Maximum exposure	<u>\$ 95,309</u>	<u>\$ 28,617</u>	<u>\$ 166,148</u>	<u>\$ 10,070</u>	<u>\$ 300,144</u>

December 31, 2022					
	Multi-family loans	Investment securities available for sale, at fair value	Equity investments	Assets of disposal group held for sale	Total
ABS	\$ —	\$ 856	\$ —	\$ —	\$ 856
Non-Agency RMBS	—	29,290	—	—	29,290
Preferred equity investments in multi-family properties	87,534	—	152,246	—	239,780
Joint venture equity investments in multi-family properties	—	—	—	9,010	9,010
Maximum exposure	<u>\$ 87,534</u>	<u>\$ 30,146</u>	<u>\$ 152,246</u>	<u>\$ 9,010</u>	<u>\$ 278,936</u>

8. Real Estate, Net

The following is a summary of real estate, net, collectively, as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Land	\$ 89,550	\$ 89,550
Building and improvements	629,123	611,102
Furniture, fixture and equipment	14,496	13,540
Real estate	\$ 733,169	\$ 714,192
Accumulated depreciation	(27,263)	(21,224)
Real estate, net ⁽¹⁾	\$ 705,906	\$ 692,968

⁽¹⁾ In September 2022, the Company announced a repositioning of its business through the opportunistic disposition over time of the Company's joint venture equity investments in multi-family properties and reallocation of its capital away from such assets to its targeted assets. Accordingly, the real estate, net related to certain joint venture equity investments in multi-family properties is included in assets of disposal group held for sale on the accompanying condensed consolidated balance sheets. See *Note 9* for additional information.

Multi-family Apartment Properties

As of March 31, 2023 and December 31, 2022, the Company owned joint venture equity investments in entities that own multi-family apartment communities, which the Company determined to be VIEs and for which the Company is the primary beneficiary. Accordingly, the Company consolidated the joint venture entities into its condensed consolidated financial statements (see *Note 7*).

In March 2022, a wholly-owned subsidiary of the Company completed the sale of its multi-family apartment community for approximately \$52.0 million, subject to certain prorations and adjustments typical in such real estate transactions, repaid the related mortgage payable in the amount of approximately \$37.0 million and redeemed the Company's preferred equity investment (see *Note 7*). The sale generated a net gain of approximately \$0.4 million and a loss on extinguishment of debt of approximately \$0.6 million, both of which are included in other income on the accompanying condensed consolidated statements of operations.

The multi-family apartment communities generally lease their apartment units to individual tenants at market rates for the production of rental income. These apartment units are generally leased at a fixed monthly rate with no option for the lessee to purchase the leased unit at any point.

Single-family Rental Properties

As of March 31, 2023 and December 31, 2022, the Company owned single-family rental homes. These units are leased to individual tenants for the production of rental income and are generally leased at a fixed monthly rate with no option for the lessee to purchase the leased unit at any point.

Lease Intangibles

Intangibles related to multi-family properties consist of the value of in-place leases and are included in other assets on the accompanying condensed consolidated balance sheets. Lease intangibles included in other assets were fully amortized as of March 31, 2023 and December 31, 2022.

In September 2022, the Company announced a repositioning of its business through the opportunistic disposition over time of the Company's joint venture equity investments in multi-family properties and reallocation of its capital away from such assets to its targeted assets. Accordingly, the lease intangibles, net related to certain joint venture equity investments in multi-family properties are included in assets of disposal group held for sale on the accompanying condensed consolidated balance sheets. See *Note 9* for additional information.

Depreciation and Amortization Expense

Depreciation and amortization expenses related to operating real estate are included in expenses related to real estate on the accompanying condensed consolidated statements of operations. The following table presents depreciation and amortization expenses for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2023	2022
Depreciation expense on operating real estate	\$ 6,039	\$ 10,111
Amortization of lease intangibles related to operating real estate	—	25,475
Total depreciation and amortization ⁽¹⁾	\$ 6,039	\$ 35,586

⁽¹⁾ Amounts for the three months ended March 31, 2022 include depreciation and amortization of multi-family properties that have been reclassified to assets held in the disposal group held for sale.

9. Assets and Liabilities of Disposal Group Held for Sale

In September 2022, the Company announced a repositioning of its business through the opportunistic disposition over time of the Company's joint venture equity investments in multi-family properties and reallocation of its capital away from such assets to its targeted assets. Accordingly, the Company determined that certain joint venture equity investments met the criteria to be classified as held for sale, transferred either the assets and liabilities of the respective Consolidated VIEs or its equity investment in the joint venture entity to assets and liabilities of disposal group held for sale in the accompanying condensed consolidated balance sheets and recognized no loss.

The following table presents the carrying values of the major classes of assets and liabilities of disposal group held for sale as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Cash and cash equivalents ⁽¹⁾	\$ 12,236	\$ 13,944
Equity investments	10,070	9,010
Real estate, net ⁽¹⁾	1,082,722	1,079,942
Other assets ⁽¹⁾	45,351	48,888
Total assets of disposal group held for sale	\$ 1,150,379	\$ 1,151,784
Mortgages payable on real estate	\$ 878,060	\$ 865,414
Other liabilities	18,923	18,398
Total liabilities of disposal group held for sale ⁽¹⁾	\$ 896,983	\$ 883,812

⁽¹⁾ Certain assets and liabilities of the disposal group held for sale are in Consolidated VIEs because the Company is the primary beneficiary.

Also included in the disposal group held for sale are non-controlling interests in Consolidated VIEs in the amount of \$23.0 million and \$23.9 million as of March 31, 2023 and December 31, 2022, respectively.

Real estate, net included in assets of disposal group held for sale is recorded at the lower of the net carrying amount of the assets or the estimated fair value, net of selling costs. Fair value for real estate, net was based upon a discounted cash flow analysis using property financial information and assumptions regarding market rent, revenue and expense growth, capitalization rates and return rates. As of March 31, 2023, the fair value, net of selling costs of multi-family properties owned by two of the joint venture equity investments was less than the properties' net carrying values. Accordingly, the Company recognized a \$11.1 million impairment in the three months ended March 31, 2023. As of March 31, 2023, the fair value, net of selling costs of the multi-family property owned by one of the joint venture equity investments that had previously been impaired was more than the property's net carrying value. Accordingly, the Company recognized a \$0.8 million recovery of value in the three months ended March 31, 2023. See *Note 16* for descriptions of valuation methodologies utilized for other classes of assets and liabilities of disposal group held for sale.

The following table presents the pretax losses of the disposal group held for sale for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2023	2022
Pretax loss of disposal group held for sale	\$ (16,368)	\$ (16,649)
Pretax loss of disposal group attributable to non-controlling interest in Consolidated VIEs	1,214	1,786
Pretax loss of disposal group attributable to Company's common stockholders	\$ (15,154)	\$ (14,863)

10. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company enters into derivative financial instruments in connection with its risk management activities. These derivative instruments may include interest rate swaps, interest rate caps, futures and options contracts such as options on credit default swap indices, equity index options, swaptions and options on futures. The Company may also pursue forward-settling purchases or sales of Agency RMBS where the underlying pools of mortgage loans are “To-Be-Announced,” or TBAs, purchase options on U.S. Treasury futures or invest in other types of mortgage derivative securities. The Company elected not to apply hedge accounting for its derivative instruments.

Derivatives Not Designated as Hedging Instruments

The Company and the entities that own multi-family properties in which the Company owns joint venture equity investments are required by lenders on certain repurchase agreement financing and variable-rate mortgages payable on real estate to enter into interest rate cap contracts. See *Notes 12 and 14* for information regarding these interest rate cap contracts.

The Company uses interest rate swaps to hedge the variable cash flows associated with our variable-rate borrowings. Interest rate swaps generally involve the receipt of variable-rate amounts from a counterparty, based on SOFR, in exchange for the Company making fixed-rate payments over the life of the interest rate swap without exchange of the underlying notional amount. Notwithstanding the foregoing, in order to manage its position with regard to its liabilities, the Company may enter into interest rate swaps which involve the receipt of fixed-rate amounts from a counterparty in exchange for the Company making variable-rate payments, based on SOFR, over the life of the interest rate swap without exchange of the underlying notional amount. The variable rate the Company pays or receives under its swap agreements has the effect of offsetting the repricing characteristics and cash flows of the Company's financing arrangements.

The Company has credit default swap index options that allow the Company to enter into a fixed rate payer position in the underlying credit default swap index at the agreed strike level, as well as equity index put options that gives the Company the right to sell the underlying index at a specified strike price.

The Company did not have any interest rate swap or option transactions in 2022.

The following table summarizes the Company's derivative instruments as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

Type of Derivative Instrument	Consolidated Balance Sheet Location	Fair Value	
		March 31, 2023	December 31, 2022
Interest rate caps ⁽¹⁾	Other assets	\$ 2,002	\$ 2,473
Options	Other assets	1,120	—
Total derivative assets		<u>\$ 3,122</u>	<u>\$ 2,473</u>
Interest rate swaps	Other liabilities	\$ —	\$ —
Total derivative liabilities		<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾ See *Notes 12 and 14* for information regarding interest rate cap contracts.

The Company elects to net the fair value of its derivative contracts by counterparty when appropriate. These contracts contain legally enforceable provisions that allow for netting or setting off of all individual derivative receivables and payables with each counterparty and therefore, the fair values of those derivative contracts are reported net by counterparty. All of the Company's interest rate swaps are cleared through a central clearing house, 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. The following table presents a reconciliation of gross derivative assets and liabilities to net amounts presented in the accompanying condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

March 31, 2023				
	Gross Amount of Recognized Assets (Liabilities)	Gross Amounts Offset in Balance Sheets	Variation Margin	Net Amounts of Assets (Liabilities) Presented in Balance Sheets
Derivative assets				
Interest rate caps	\$ 2,002	\$ —	\$ —	\$ 2,002
Options	1,120	—	—	1,120
Interest rate swaps	412	(412)	—	—
Total derivative assets	<u>\$ 3,534</u>	<u>\$ (412)</u>	<u>\$ —</u>	<u>\$ 3,122</u>
Derivative liabilities				
Interest rate swaps	\$ (2,899)	\$ 412	\$ 2,487	\$ —
Total derivative liabilities	<u>\$ (2,899)</u>	<u>\$ 412</u>	<u>\$ 2,487</u>	<u>\$ —</u>
December 31, 2022				
	Gross Amount of Recognized Assets (Liabilities)	Gross Amounts Offset in Balance Sheets	Variation Margin	Net Amounts of Assets (Liabilities) Presented in Balance Sheets
Derivative assets				
Interest rate caps	\$ 2,473	\$ —	\$ —	\$ 2,473
Total derivative assets	<u>\$ 2,473</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,473</u>

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.

The Company is required to post an initial margin amount for its interest rate swaps determined by CME Clearing, which is generally intended to be set at a level sufficient to protect the exchange from the derivative financial instrument's maximum estimated single-day price movement. As of March 31, 2023, an initial margin account balance of approximately \$5.3 million and excess margin in the amount of approximately \$2.6 million are included in other assets on the accompanying condensed consolidated balance sheets.

The table below summarizes the activity of derivative instruments not designated as hedging instruments for the three months ended March 31, 2022 (dollar amounts in thousands):

Type of Derivative Instrument	Notional Amount For the Three Months Ended March 31, 2023			
	December 31, 2022	Additions	Terminations	March 31, 2023
Options	\$ —	\$ 500,053	\$ —	\$ 500,053
Interest rate swaps	—	341,300	—	341,300

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, which are included in non-interest income (loss) in our condensed consolidated statements of operations for the three months ended March 31, 2023 (dollar amounts in thousands):

Type of Derivative Instrument	For the Three Months Ended March 31, 2023	
	Realized Gains (Losses)	Unrealized Gains (Losses)
Options	\$ —	\$ (420)
Interest rate swaps	—	(2,487)
Total	\$ —	\$ (2,907)

The following table presents information about our interest rate swaps whereby we receive floating rate payments in exchange for fixed rate payments as of March 31, 2023 (dollar amounts in thousands):

Swap Maturities	March 31, 2023		
	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate
2025	\$ 255,700	4.31 %	4.71 %
2028	28,900	3.87 %	4.66 %
2033	32,700	3.60 %	4.65 %
Total	\$ 317,300	4.20 %	4.70 %

The following table presents information about our interest rate swaps whereby we receive fixed rate payments in exchange for floating rate payments as of March 31, 2023 (dollar amounts in thousands):

Swap Maturities	March 31, 2023		
	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate
2028	\$ 8,000	3.36 %	4.83 %
2033	16,000	3.21 %	4.83 %
Total	\$ 24,000	3.26 %	4.83 %

Certain of the Company's derivative contracts are subject to International Swaps and Derivatives Association Master Agreements or other similar agreements which may contain provisions that grant counterparties certain rights with respect to the applicable agreement upon the occurrence of certain events including a decline in Company's stockholders' equity (as defined in the respective agreements) in excess of specified thresholds or dollar amounts over set periods of time, the Company's failure to maintain its REIT status, the Company's failure to comply with limits on the amount of leverage and the Company's stock being delisted from Nasdaq.

Cash flow activity related to derivative instruments is reflected within the operating activities and investing activities sections of the Company's condensed consolidated statements of cash flows. Realized gains or losses, if any, and unrealized gains or losses, if any, on the Company's derivative instruments are included in the realized (gains) losses, net and unrealized (gains) losses, net line items within the operating activities section of the condensed consolidated statements of cash flows. Additionally, any changes in excess margin amounts due from or due to counterparties in connection with the Company's interest rate swaps are included in the changes in operating assets and liabilities line item of the condensed consolidated statements of cash flows. The remaining cash flow activity related to derivative instruments is reflected within the net payments received from (made on) derivative instruments line item within the investing activities section of the condensed consolidated statements of cash flows.

11. Other Assets and Other Liabilities

Other Assets

The following table presents the components of the Company's other assets as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Restricted cash ⁽¹⁾	\$ 115,249	\$ 136,220
Accrued interest receivable	31,578	34,067
Collections receivable from residential loan servicers	16,150	15,374
Recoverable advances on residential loans	15,611	13,979
Other receivables	13,326	11,357
Other assets in consolidated multi-family properties	8,631	13,681
Operating lease right-of-use assets	7,524	7,831
Real estate owned	3,743	18,588
Derivative assets ⁽²⁾	3,122	2,473
Deferred tax assets	2,448	2,671
Other	4,945	3,115
Total	<u>\$ 222,327</u>	<u>\$ 259,356</u>

⁽¹⁾ Restricted cash represents cash held by third parties, including cash held by the Company's securitization trusts and consolidated multi-family properties.

⁽²⁾ Includes derivative asset held in a consolidated multi-family property.

Other Liabilities

The following table presents the components of the Company's other liabilities as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Dividends and dividend equivalents payable	\$ 49,129	\$ 49,996
Accrued interest payable	12,109	10,629
Operating lease liabilities	8,070	8,383
Accrued expenses	6,960	15,576
Accrued expenses and other liabilities in consolidated multi-family properties	6,149	10,511
Deferred revenue	5,953	7,131
Advanced remittances from residential loan servicers	1,116	9,098
Unfunded commitments for residential loans	554	2,950
Deferred tax liabilities	—	394
Other	2,651	1,323
Total	<u>\$ 92,691</u>	<u>\$ 115,991</u>

12. Repurchase Agreements

The following table presents the carrying value of the Company's repurchase agreements as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

Repurchase Agreements Secured By:	March 31, 2023	December 31, 2022
Residential loans	\$ 561,124	\$ 686,946
Investment securities	226,778	50,077
Total carrying value	\$ 787,902	\$ 737,023

As of March 31, 2023, the Company's only repurchase agreement exposure where the amount at risk was in excess of 5% of the Company's stockholders' equity was to Bank of America at 6.88%. The amount at risk is defined as the fair value of assets pledged as collateral to the financing arrangement in excess of the financing arrangement liability.

The financings under certain of our repurchase agreements are subject to margin calls to the extent the market value of the collateral subject to repurchase agreement falls below specified levels and repurchase may be accelerated upon an event of default under the repurchase agreements. As of March 31, 2023, 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 the liability immediately. As of March 31, 2023, the Company had \$215.8 million included in cash and cash equivalents and \$127.5 million in unencumbered investment securities available to meet additional haircuts or market valuation requirements. The following table presents information about the Company's unencumbered securities at March 31, 2023 (dollar amounts in thousands):

Unencumbered Securities	March 31, 2023
Agency RMBS	\$ 6,914
Non-Agency RMBS ^{(1) (2)}	89,425
CMBS	30,667
ABS	492
Total	\$ 127,498

- (1) Includes IOs in Consolidated SLST with a fair value of \$19.1 million as of March 31, 2023. Consolidated SLST securities owned by the Company are eliminated in consolidation in accordance with GAAP.
- (2) Includes CDOs repurchased from our residential loan securitizations with a fair value of \$6.1 million as of March 31, 2023. Repurchased CDOs are eliminated in consolidation in accordance with GAAP.

The Company also had unencumbered residential loans with a fair value of \$225.3 million at March 31, 2023.

Residential Loans

The Company has repurchase agreements with four financial institutions to fund the purchase of residential loans. The following table presents detailed information about the Company's financings under these repurchase agreements and associated residential loans pledged as collateral at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	Maximum Aggregate Uncommitted Principal Amount	Outstanding Repurchase Agreements ⁽¹⁾	Net Deferred Finance Costs ⁽²⁾	Carrying Value of Repurchase Agreements	Fair Value of Loans Pledged	Weighted Average Rate	Weighted Average Months to Maturity ⁽³⁾
March 31, 2023	\$ 1,975,000	\$ 562,371	\$ (1,247)	\$ 561,124	\$ 695,701	7.34 %	17.21
December 31, 2022	\$ 2,030,879	\$ 688,487	\$ (1,541)	\$ 686,946	\$ 867,033	6.65 %	16.69

- (1) Includes non-mark-to-market repurchase agreements with an aggregate outstanding balance of \$317.3 million, a weighted average rate of 7.45%, and weighted average months to maturity of 23.05 months as of March 31, 2023. Includes non-mark-to-market repurchase agreements with an aggregate outstanding balance of \$446.8 million, a weighted average rate of 6.77%, and weighted average months to maturity of 23.96 months as of December 31, 2022.
- (2) Costs related to 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 condensed consolidated balance sheets and are amortized as an adjustment to interest expense using the effective interest method, or straight line-method, if the result is not materially different.
- (3) The Company expects to roll outstanding amounts under these repurchase agreements into new repurchase agreements or other financings, or to repay outstanding amounts, prior to or at maturity.

During the terms of the repurchase agreements, proceeds from the residential loans will be applied to pay any price differential and to reduce the aggregate repurchase price of the collateral. The financings under the repurchase agreements with one of the counterparties with an aggregate outstanding balance of \$245.0 million as of March 31, 2023 are subject to margin calls to the extent the market value of the residential loans falls below specified levels and repurchase may be accelerated upon an event of default under the repurchase agreements.

The Company, as required by a repurchase agreement with one counterparty, has entered into an interest rate cap contract that limits the indexed portion of the interest rate on the related repurchase agreement to a strike price of Term SOFR of 4.10% on the \$111.0 million notional amount with an expiration date of November 17, 2024. The fair value of the interest rate cap contract of \$1.2 million and \$1.5 million is included in other assets in the condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022, respectively. The Company recognized unrealized losses of \$0.2 million for the three months ended March 31, 2023 which is included in non-interest (loss) income in the condensed consolidated statements of operations.

As of March 31, 2023, the Company's repurchase agreements contain various covenants, including among other things, the maintenance of certain amounts of liquidity and total stockholders' equity. The Company is in compliance with such covenants as of March 31, 2023 and through the date of this Quarterly Report on Form 10-Q.

Investment Securities

The Company has entered into repurchase agreements with financial institutions to finance certain investment securities available for sale, securities owned in Consolidated SLST and CDOs repurchased from our residential loan securitizations. These repurchase agreements provide short-term financing that bear interest rates typically based on a spread to SOFR and are secured by the investment securities which they finance and additional collateral pledged, if any. As of March 31, 2023 and December 31, 2022, the Company had amounts outstanding under repurchase agreements with three counterparties.

The following table presents detailed information about the amounts outstanding under the Company's repurchase agreements secured by investment securities and associated assets pledged as collateral at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023			December 31, 2022		
	Outstanding Repurchase Agreements	Fair Value of Collateral Pledged	Amortized Cost of Collateral Pledged	Outstanding Repurchase Agreements	Fair Value of Collateral Pledged	Amortized Cost of Collateral Pledged
Agency RMBS	\$ 94,306	\$ 100,286	\$ 99,278	\$ —	\$ —	\$ —
Non-Agency RMBS ^{(1) (2)}	132,472	268,590	309,778	50,077	170,551	210,733
Balance at end of the period	<u>\$ 226,778</u>	<u>\$ 368,876</u>	<u>\$ 409,056</u>	<u>\$ 50,077</u>	<u>\$ 170,551</u>	<u>\$ 210,733</u>

- (1) Includes first loss subordinated securities in Consolidated SLST with a fair value of \$169.4 million as of March 31, 2023. Consolidated SLST securities owned by the Company are eliminated in consolidation in accordance with GAAP.
- (2) Includes securities repurchased from our residential loan securitizations with a fair value of \$99.2 million as of March 31, 2023. Repurchased CDOs are eliminated in consolidation in accordance with GAAP.

As of March 31, 2023 and December 31, 2022, the outstanding balances under our repurchase agreements secured by investment securities were funded at a weighted average advance rate of 76.6% and 30.0%, respectively, that implies an average "haircut" of 23.4% and 70.0%, respectively. As of March 31, 2023, the weighted average "haircut" related to our repurchase agreement financing for our Agency RMBS and non-Agency RMBS was approximately 5.0% and 36.5%, respectively.

As of March 31, 2023 and December 31, 2022, the average days to maturity for repurchase agreements secured by investment securities were 55 days and 9 days, respectively, and the weighted average interest rates were 5.74% and 5.28%, respectively. The Company's accrued interest payable on outstanding repurchase agreements secured by investment securities at March 31, 2023 and December 31, 2022 amounted to \$1.3 million and \$0.6 million, respectively, and is included in other liabilities on the Company's condensed consolidated balance sheets.

The following table presents contractual maturity information about the Company's outstanding repurchase agreements secured by investment securities at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

Contractual Maturity	March 31, 2023	December 31, 2022
Within 30 days	\$ 49,950	\$ 50,077
Over 30 day to 90 days	176,828	—
Over 90 days	—	—
Total	\$ 226,778	\$ 50,077

13. Collateralized Debt Obligations

The Company's collateralized debt obligations, or CDOs, are accounted for as financings and are non-recourse debt to the Company. See *Note 7* for further discussion regarding the collateral pledged for the Company's CDOs as well as the Company's net investments in the related securitizations.

The following tables present a summary of the Company's CDOs as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

March 31, 2023				
	Outstanding Face Amount	Carrying Value	Weighted Average Interest Rate ⁽¹⁾	Stated Maturity ⁽²⁾
Consolidated SLST ⁽³⁾	\$ 688,916	\$ 638,513	2.75 %	2059
Residential loan securitizations	1,416,155	1,390,991	3.58 %	2026 - 2062
Total collateralized debt obligations	<u>\$ 2,105,071</u>	<u>\$ 2,029,504</u>		

December 31, 2022				
	Outstanding Face Amount	Carrying Value	Weighted Average Interest Rate ⁽¹⁾	Stated Maturity ⁽²⁾
Consolidated SLST ⁽³⁾	\$ 699,408	\$ 634,495	2.75 %	2059
Residential loan securitizations	1,498,198	1,468,222	3.54 %	2026 - 2062
Total collateralized debt obligations	<u>\$ 2,197,606</u>	<u>\$ 2,102,717</u>		

⁽¹⁾ Weighted average interest rate is calculated using the outstanding face amount and stated interest rate of notes issued by the securitization and not owned by the Company.

⁽²⁾ The actual maturity of the Company's CDOs are primarily determined by the rate of principal prepayments on the assets of the issuing entity. The CDOs are also subject to redemption prior to the stated maturity according to the terms of the respective governing documents. As a result, the actual maturity of the CDOs may occur earlier than the stated maturity.

⁽³⁾ The Company has elected the fair value option for CDOs issued by Consolidated SLST (see *Note 16*).

The Company's CDOs as of March 31, 2023 had stated maturities as follows:

Year ending December 31,	Total
2023	\$ —
2024	—
2025	—
2026	113,000
2027	225,000
Thereafter	1,767,071
Total	<u>\$ 2,105,071</u>

14. Debt*Senior Unsecured Notes*

On April 27, 2021, the Company completed the issuance and sale to various qualified institutional investors of \$100.0 million aggregate principal amount of its unregistered 5.75% Senior Notes due 2026 (the "Unregistered Notes") in a private placement offering at 100% of the principal amount. The net proceeds to the Company from the sale of the Unregistered Notes, after deducting offering expenses, were approximately \$96.3 million. Subsequent to the issuance of the Unregistered Notes, the Company conducted an exchange offer wherein the Company exchanged its registered 5.75% Senior Notes due 2026 (the "Registered Notes" and, together with the aggregate principal amount of Unregistered Notes that remain outstanding, the "Senior Unsecured Notes") for an equal principal amount of Unregistered Notes.

As of March 31, 2023, the Company had \$100.0 million aggregate principal amount of its Senior Unsecured Notes outstanding. Costs related to the issuance of the Senior Unsecured Notes which include underwriting, legal, accounting and other fees, are reflected as deferred charges. The deferred charges, net of amortization, are presented as a deduction from the corresponding debt liability on the Company's accompanying condensed consolidated balance sheets in the amount of \$2.4 million and \$2.6 million as of March 31, 2023 and December 31, 2022, respectively. The deferred charges are amortized as an adjustment to interest expense using the effective interest method, resulting in a total cost to the Company of approximately 6.64%.

The Senior Unsecured Notes bear interest at a rate of 5.75% per year, subject to adjustment from time to time based on changes in the ratings of the Senior Unsecured Notes by one or more nationally recognized statistical rating organizations (a "NRSRO"). The annual interest rate on the Senior Unsecured Notes will increase by (i) 0.50% per year beginning on the first day of any six-month interest period if as of such day the Senior Unsecured Notes have a rating of BB+ or below and above B+ from any NRSRO and (ii) 0.75% per year beginning on the first day of any six-month interest period if as of such day the Senior Unsecured Notes have a rating of B+ or below or no rating from any NRSRO. Interest on the Senior Unsecured Notes is paid semi-annually in arrears on April 30 and October 30 of each year and the Senior Unsecured Notes will mature on April 30, 2026.

The Company had the right to redeem the Senior Unsecured Notes, in whole or in part, at any time prior to April 30, 2023 at a redemption price equal to 100% of the principal amount of the Senior Unsecured Notes to be redeemed, plus the applicable "make-whole" premium, plus accrued but unpaid interest, if any, to, but excluding, the redemption date. The "make-whole" premium is equal to the present value of all interest that would have accrued between the redemption date and up to, but excluding, April 30, 2023, plus an amount equal to the principal amount of such Senior Unsecured Notes multiplied by 2.875%. The Company did not exercise its redemption right prior to April 30, 2023. On and after April 30, 2023, the Company has the right to redeem the Senior Unsecured Notes, in whole or in part, at 100% of the principal amount of the Senior Unsecured Notes to be redeemed, plus accrued but unpaid interest, if any, to, but excluding, the redemption date, plus an amount equal to the principal amount of such Senior Unsecured Notes multiplied by a date-dependent multiple as detailed in the following table:

Redemption Period	Multiple
April 30, 2023 - April 29, 2024	2.875 %
April 30, 2024 - April 29, 2025	1.4375 %
April 30, 2025 - April 29, 2026	—

No sinking fund is provided for the Senior Unsecured Notes. The Senior Unsecured Notes are senior unsecured obligations of the Company that are structurally subordinated in right of payment to the Company's subordinated debentures.

As of March 31, 2023, the Company's Senior Unsecured Notes contain various covenants including the maintenance of a minimum net asset value, ratio of unencumbered assets to unsecured indebtedness and senior debt service coverage ratio and limit the amount of leverage the Company may utilize and its ability to transfer the Company's assets substantially as an entirety or merge into or consolidate with another person. The Company is in compliance with such covenants as of March 31, 2023 and through the date of this Quarterly Report on Form 10-Q.

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 March 31, 2023 and December 31, 2022 (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 May 5, 2023, the Company has not been notified, and is not aware, of any event of default under the indenture for the subordinated debentures.

Convertible Notes

The Company redeemed its \$138.0 million aggregate principal amount of 6.25% Senior Convertible Notes (the "Convertible Notes") at maturity on January 15, 2022. None of the Convertible Notes were converted prior to maturity.

The following table presents interest expense from the Convertible Notes for the three months ended March 31, 2022 (dollar amounts in thousands):

	For the Three Months Ended March 31, 2022
Contractual interest expense	\$ 335
Amortization of underwriter's discount and deferred charges	103
Total	\$ 438

Mortgages Payable on Real Estate

As of March 31, 2023 and December 31, 2022, the Company owned joint venture equity investments in entities that own multi-family apartment communities, which the Company determined to be VIEs and for which the Company is the primary beneficiary. Accordingly, the Company consolidated the joint venture entities into its condensed consolidated financial statements (*see Note 7*).

In March 2022, a wholly-owned subsidiary of the Company completed the sale of its multi-family apartment community and redeemed the Company's preferred equity investment (*see Note 7*). In conjunction with the sale, the entity repaid the related mortgage payable in the amount of approximately \$37.0 million and recorded a loss on extinguishment of debt of approximately \$0.6 million, which is included in other income on the accompanying condensed consolidated statements of operations.

The consolidated multi-family apartment communities are subject to mortgages payable collateralized by the associated real estate assets. The Company has no obligation for repayment of the mortgages payable but, with respect to certain of the mortgages payable, it may execute a guaranty related to commitment of bad acts. The following table presents detailed information for these mortgages payable on real estate as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	Maximum Committed Mortgage Principal Amount	Outstanding Mortgage Balance	Net Deferred Finance Cost	Mortgage Payable, Net ⁽¹⁾	Stated Maturity	Weighted Average Interest Rate ^{(2) (3)}
March 31, 2023	\$ 401,362	\$ 400,112	\$ (2,796)	\$ 397,316	2025 - 2032	4.29 %
December 31, 2022	398,703	397,453	(2,746)	394,707	2025 - 2032	4.21 %

⁽¹⁾ In September 2022, the Company announced a repositioning of its business through the opportunistic disposition over time of the Company's joint venture equity investments in multi-family properties and reallocation of its capital away from such assets to its targeted assets. Accordingly, the mortgages payable on real estate related to certain joint venture equity investments in multi-family properties are included in liabilities of disposal group held for sale on the accompanying condensed consolidated balance sheets. See *Note 9* for additional information.

⁽²⁾ Weighted average interest rate is calculated using the outstanding mortgage balance and interest rate as of the date indicated.

⁽³⁾ For variable-rate mortgages payable, the joint venture entity, as required by the loan agreement, entered into an interest rate cap contract with a counterparty that limits the indexed portion of the interest rate to a strike price of Term SOFR of 2.0% on the \$29.0 million notional amount with an expiration date of April 1, 2024. The fair value of the interest rate cap contract of \$0.8 million and \$1.0 million is included in other assets in the condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022, respectively. The consolidated multi-family apartment communities recognized an unrealized loss on interest rate contracts of \$0.1 million for the three months ended March 31, 2023, which is included in non-interest income (loss) in the condensed consolidated statements of operations.

Debt Maturities

As of March 31, 2023, maturities for debt on the Company's condensed consolidated balance sheet are as follows (dollar amounts in thousands):

Year Ending December 31,	Outstanding Balance
2023	\$ —
2024	—
2025	27,750
2026	127,209
2027	—
2028	—
Thereafter	390,153
	<u>\$ 545,112</u>

15. Commitments and Contingencies

Outstanding Litigation

The Company is at times subject to various legal proceedings arising in the ordinary course of business. As of March 31, 2023, 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.

Investment Commitment

On December 7, 2021, the Company entered into an agreement with certain members of its existing joint ventures to fund joint venture equity investments in multi-family properties totaling \$40.0 million, to the extent investment opportunities meet defined investment standards. The commitment expires on December 7, 2023 and the Company has not funded any joint venture equity investments per the agreement as of May 5, 2023.

16. 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. *Residential Loans Held in Consolidated SLST* – Residential loans held in Consolidated SLST 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 residential loans held in Consolidated SLST based on the fair value of the CDOs issued by the securitization and its investment in the securitization (eliminated in consolidation in accordance with GAAP), as the fair value of these instruments is more observable.

The investment securities (eliminated in consolidation in accordance with GAAP) that we own in the securitization are generally illiquid and trade infrequently. As such, they are classified as Level 3 in the fair value hierarchy. The fair valuation of these investment securities is determined based on an internal valuation model that considers expected cash flows from the underlying loans and yields required by market participants. The significant unobservable inputs used in the measurement of these investments are projected losses within the pool of loans and a discount rate. The discount rate used in determining fair value incorporates default rate, loss severity, prepayment rate and current market interest rates. Significant increases or decreases in these inputs would result in a significantly lower or higher fair value measurement.

- b. *Residential Loans and Residential Loans Held in Securitization Trusts* – The Company's acquired residential loans are recorded at fair value and classified as Level 3 in the fair value hierarchy. The fair value for residential loans is determined using valuations obtained from a third party that specializes in providing valuations of residential loans. The valuation approach depends on whether the residential 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. Estimated cash flows for both performing and non-performing loans are discounted at yields considered appropriate to arrive at a reasonable exit price for the asset. Indications of loan value such as actual trades, bids, offers and generic market color may be used in determining the appropriate discount yield.

- c. *Preferred Equity and Mezzanine Loan Investments* – Fair value for preferred equity and mezzanine loan investments is determined by both market comparable pricing and discounted cash flows. The discounted cash flows are based on the underlying estimated cash flows and estimated changes in market yields. The fair value also reflects consideration of changes in credit risk since origination or time of initial investment. This fair value measurement is generally based on unobservable inputs and, as such, is classified as Level 3 in the fair value hierarchy.

- d. *Investment Securities Available for Sale* – The Company determines the fair value of all of its investment securities available for sale based on discounted cash flows utilizing an internal pricing model. The methodology considers the characteristics of the particular security and its underlying collateral, which are observable inputs. These inputs include, but are not limited to, delinquency status, coupon, loan-to-value ("LTV"), historical performance, periodic and life caps, collateral type, rate reset period, seasoning, prepayment speeds and credit enhancement levels. The Company also considers several observable market data points, including prices obtained from third-party pricing services or dealers who make markets in similar financial instruments, trading activity, and dialogue with market participants. Third-party pricing services typically incorporate commonly used market pricing methods, trading activity observed in the marketplace and other data inputs similar to those used in the Company's internal pricing model. The Company has established thresholds to compare internally generated prices with independent third-party prices and any differences that exceed the thresholds are reviewed both internally and with the third-party pricing service. The Company reconciles and resolves all pricing differences in excess of the thresholds before a final price is established. The Company's investment securities available for sale are valued based upon readily observable market parameters and are classified as Level 2 fair values.
- e. *Equity Investments* – Fair value for equity investments is determined (i) by the valuation process for preferred equity and mezzanine loan investments as described in c. above or (ii) using weighted multiples of origination volume and earnings before taxes, depreciation and amortization of the entity. These fair value measurements are generally based on unobservable inputs and, as such, are classified as Level 3 in the fair value hierarchy.
- f. *Derivative Instruments* – The fair values of the Company's interest rate cap agreements are measured using models developed by either third-party pricing providers or the respective counterparty that use the market-standard methodology of discounting the future expected cash receipts which would occur if floating interest rates rise above the strike rate of the caps. The floating interest rates used in the calculation of projected receipts on the interest rate caps are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. The inputs used in the valuation of interest rate caps fall within Level 2 of the fair value hierarchy.

The Company's interest rate swaps are classified as Level 2 fair values and are measured using valuations reported by CME Clearing. The derivatives are presented net of variation margin payments pledged or received.

The Company's options are classified as Level 2 fair values and are measured using prices obtained from the counterparty.

- g. *Collateralized Debt Obligations* – CDOs issued by Consolidated SLST are classified as Level 3 fair values for which fair value is determined by considering several market data points, including prices obtained from third-party pricing services or dealers who make markets in similar financial instruments. The third-party pricing service or dealers 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. They will also consider contractual cash payments and yields expected by market participants.

Refer to a. above for a description of the fair valuation of CDOs issued by Consolidated SLST that are eliminated in consolidation.

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 March 31, 2023 and December 31, 2022, respectively, on the Company's condensed consolidated balance sheets (dollar amounts in thousands):

Measured at Fair Value on a Recurring Basis at								
	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets carried at fair value								
Residential loans:								
Residential loans	\$ —	\$ —	\$ 921,000	\$ 921,000	\$ —	\$ —	\$ 1,081,384	\$ 1,081,384
Consolidated SLST	—	—	829,153	829,153	—	—	827,582	827,582
Residential loans held in securitization trusts	—	—	1,624,703	1,624,703	—	—	1,616,114	1,616,114
Multi-family loans	—	—	95,309	95,309	—	—	87,534	87,534
Investment securities available for sale:								
Agency RMBS	—	107,200	—	107,200	—	—	—	—
Non-Agency RMBS	—	64,211	—	64,211	—	68,570	—	68,570
CMBS	—	30,668	—	30,668	—	30,133	—	30,133
ABS	—	492	—	492	—	856	—	856
Equity investments ⁽¹⁾	—	—	191,148	191,148	—	—	179,746	179,746
Derivative assets:								
Interest rate caps ⁽¹⁾⁽²⁾	—	2,002	—	2,002	—	2,473	—	2,473
Options ⁽²⁾	—	1,120	—	1,120	—	—	—	—
Assets of disposal group held for sale ⁽³⁾	—	22,800	10,070	32,870	—	29,418	9,010	38,428
Total	\$ —	\$ 228,493	\$ 3,671,383	\$ 3,899,876	\$ —	\$ 131,450	\$ 3,801,370	\$ 3,932,820
Liabilities carried at fair value								
Consolidated SLST CDOs	\$ —	\$ —	\$ 638,513	\$ 638,513	\$ —	\$ —	\$ 634,495	\$ 634,495
Derivative liabilities:								
Interest rate swaps ⁽²⁾⁽⁴⁾	—	—	—	—	—	—	—	—
Total	\$ —	\$ —	\$ 638,513	\$ 638,513	\$ —	\$ —	\$ 634,495	\$ 634,495

⁽¹⁾ Excludes assets of disposal group held for sale (see Note 9).

⁽²⁾ Included in other assets in the condensed consolidated balance sheets.

⁽³⁾ Includes derivative assets classified as Level 2 instruments in the amount of \$22.8 million and \$29.4 million as of March 31, 2023 and December 31, 2022, respectively, and equity investments classified as Level 3 instruments in the amount of \$10.1 million and \$9.0 million as of March 31, 2023 and December 31, 2022, respectively.

⁽⁴⁾ 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 \$2.9 million and derivative assets of \$0.4 million netted against a variation margin of \$2.5 million at March 31, 2023.

The following tables detail changes in valuation for the Level 3 assets for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

Level 3 Assets:

Three Months Ended March 31, 2023							
	Residential loans			Multi-family loans	Equity investments	Equity investments in disposal group held for sale	Total
	Residential loans	Consolidated SLST	Residential loans held in securitization trusts				
Balance at beginning of period	\$ 1,081,384	\$ 827,582	\$ 1,616,114	\$ 87,534	\$ 179,746	\$ 9,010	\$ 3,801,370
Total (losses)/gains (realized/unrealized)							
Included in earnings	(599)	15,121	33,041	2,889	3,451	1,060	54,963
Transfers out ⁽¹⁾	(93)	—	(233)	—	—	—	(326)
Transfer to securitization trust, net ⁽²⁾	(86,110)	—	86,110	—	—	—	—
Funding/Contributions	—	—	—	6,420	15,528	—	21,948
Paydowns/Distributions	(141,355)	(13,550)	(130,911)	(1,534)	(7,577)	—	(294,927)
Sales	(166)	—	—	—	—	—	(166)
Purchases	67,939	—	20,582	—	—	—	88,521
Balance at the end of period	\$ 921,000	\$ 829,153	\$ 1,624,703	\$ 95,309	\$ 191,148	\$ 10,070	\$ 3,671,383

⁽¹⁾ Transfers out of Level 3 assets represents the transfer of residential loans to real estate owned.

⁽²⁾ During the three months ended March 31, 2023, the Company transferred certain business purpose loans into residential loan securitizations (*see Note 7* for further discussion of the Company's residential loan securitizations).

Three Months Ended March 31, 2022							
	Residential loans			Multi-family loans	Equity investments		Total
	Residential loans	Consolidated SLST	Residential loans held in securitization trusts				
Balance at beginning of period	\$ 1,703,290	\$ 1,070,882	\$ 801,429	\$ 120,021	\$ 239,631		\$ 3,935,253
Total (losses)/gains (realized/unrealized)							
Included in earnings	(24,571)	(67,685)	(33,729)	3,258	6,793		(115,934)
Transfers out ⁽¹⁾	(90)	—	(789)	—	—		(879)
Transfer to securitization trust, net ⁽²⁾	(598,430)	—	598,430	—	—		—
Funding/Contributions	—	—	—	—	19,191		19,191
Paydowns/Distributions	(126,575)	(33,344)	(117,548)	(13,071)	(40,315)		(330,853)
Sales	(320)	—	—	—	—		(320)
Purchases	767,914	—	14,563	—	—		782,477
Balance at the end of period	\$ 1,721,218	\$ 969,853	\$ 1,262,356	\$ 110,208	\$ 225,300		\$ 4,288,935

⁽¹⁾ Transfers out of Level 3 assets represents the transfer of residential loans to real estate owned.

⁽²⁾ During the three months ended March 31, 2022, the Company completed two securitizations of certain performing, re-performing and business purpose loans (*see Note 7* for further discussion of the Company's residential loan securitizations).

The following table details changes in valuation for the Level 3 liabilities for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

Level 3 Liabilities:

	Consolidated SLST CDOs	
	Three Months Ended March 31,	
	2023	2022
Balance at beginning of period	\$ 634,495	\$ 839,419
Total gains (realized/unrealized)		
Included in earnings	14,511	(51,438)
Paydowns	(10,493)	(33,717)
Balance at the end of period	<u>\$ 638,513</u>	<u>\$ 754,264</u>

The following table discloses quantitative information regarding the significant unobservable inputs used in the valuation of our Level 3 assets and liabilities measured at fair value (dollar amounts in thousands, except input values):

March 31, 2023	Fair Value	Valuation Technique	Unobservable Input	Weighted Average	Range		
Assets							
Residential loans:							
Residential loans and residential loans held in securitization trusts ⁽¹⁾	\$2,392,768	Discounted cash flow	Lifetime CPR	4.6%	—	-	34.9%
			Lifetime CDR	0.7%	—	-	26.9%
			Loss severity	7.9%	—	-	96.6%
			Yield	7.9%	5.3%	-	92.0%
	\$152,935	Liquidation model	Annual home price appreciation/(depreciation)	0.1%	(1.0)%	-	5.2%
			Liquidation timeline (months)	20	9	-	50
			Property value	\$1,931,405	\$15,300	-	\$13,800,000
			Yield	7.6%	7.5%	-	29.3%
Consolidated SLST ⁽³⁾	\$829,153		Liability price	N/A			
Total	<u>\$3,374,856</u>						
Multi-family loans ⁽¹⁾	\$95,309	Discounted cash flow	Discount rate	12.4%	11.0%	-	20.5%
			Months to assumed redemption	35	6	-	52
			Loss severity	—			
Equity investments ^{(1) (2)}	\$166,148	Discounted cash flow	Discount rate	13.5%	13.0%	-	15.5%
			Months to assumed redemption	20	1	-	59
			Loss severity	—			
Equity investments in disposal group held for sale ⁽²⁾	\$10,070	Discounted cash flow	Discount rate	16.0%	16.0%	-	16.0%
			Months to assumed redemption	18	18	-	18
			Loss severity	—			
Liabilities							
Consolidated SLST CDOs ^{(3) (4)}	\$638,513	Discounted cash flow	Yield	5.0%	4.3%	-	10.0%
			Collateral prepayment rate	5.8%	2.6%	-	6.7%
			Collateral default rate	1.5%	—	-	11.5%
			Loss severity	22.0%	2.3%	-	27.2%

⁽¹⁾ Weighted average amounts are calculated based on the weighted average fair value of the assets.

- (2) Equity investments do not include equity ownership interests in an entity that originates residential loans. The fair value of this investment is determined using weighted multiples of origination volume and earnings before taxes, depreciation and amortization of the entity.
- (3) In accordance with the practical expedient in ASC 810, the Company determines the fair value of the residential loans held in Consolidated SLST based on the fair value of the CDOs issued by Consolidated SLST, including investment securities we own, as the fair value of these instruments is more observable. At March 31, 2023, the fair value of investment securities we own in Consolidated SLST amounts to \$188.5 million.
- (4) Weighted average yield calculated based on the weighted average fair value of the CDOs issued by Consolidated SLST, including investment securities we own. Weighted average collateral prepayment rate, weighted average collateral default rate, and weighted average loss severity are calculated based on the weighted average unpaid balance of the CDOs issued by Consolidated SLST, including investment securities we own.

The following table details the changes in unrealized gains (losses) included in earnings for the three months ended March 31, 2023 and 2022, respectively, for our Level 3 assets and liabilities held as of March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Assets		
Residential loans:		
Residential loans ⁽¹⁾	\$ (3,320)	\$ (25,440)
Consolidated SLST ⁽¹⁾	15,807	(66,645)
Residential loans held in securitization trusts ⁽¹⁾	30,077	(32,566)
Multi-family loans ⁽¹⁾	453	291
Equity investments ⁽²⁾	(2,577)	1,115
Equity investments in disposal group held for sale ⁽²⁾	1,060	—
Liabilities		
Consolidated SLST CDOs ⁽¹⁾	(13,508)	51,366

(1) Presented in unrealized gains (losses), net on the Company's condensed consolidated statements of operations.

(2) Presented in income from equity investments on the Company's condensed consolidated statements of operations.

The following table presents the carrying value and estimated fair value of the Company's financial instruments at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

		March 31, 2023		December 31, 2022	
	Fair Value Hierarchy Level	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:					
Cash and cash equivalents	Level 1	\$ 227,753	\$ 227,753	\$ 244,718	\$ 244,718
Residential loans	Level 3	3,374,856	3,374,856	3,525,080	3,525,080
Multi-family loans	Level 3	95,309	95,309	87,534	87,534
Investment securities available for sale	Level 2	202,571	202,571	99,559	99,559
Equity investments	Level 3	191,148	191,148	179,746	179,746
Equity investments in disposal group held for sale	Level 3	10,070	10,070	9,010	9,010
Derivative assets	Level 2	3,122	3,122	2,473	2,473
Derivative assets in disposal group held for sale	Level 2	22,800	22,800	29,418	29,418
Financial Liabilities:					
Repurchase agreements	Level 2	787,902	787,902	737,023	737,023
Collateralized debt obligations:					
Residential loan securitizations at amortized cost, net	Level 3	1,390,991	1,321,342	1,468,222	1,383,715
Consolidated SLST	Level 3	638,513	638,513	634,495	634,495
Subordinated debentures	Level 3	45,000	33,500	45,000	32,721
Senior unsecured notes	Level 2	97,561	91,732	97,384	91,104
Mortgages payable on real estate	Level 3	397,316	374,605	394,707	377,327
Mortgages payable on real estate in disposal group held for sale	Level 3	878,060	877,360	865,414	864,758

In addition to the methodology to determine the fair value of the Company's financial assets and liabilities reported at fair value, 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. *Repurchase agreements* – The fair value of these repurchase agreements approximates cost as they are short term in nature.
- c. *Residential loan securitizations at amortized cost, net* – The fair value of these CDOs is based on discounted cash flows as well as market pricing on comparable obligations.
- d. *Subordinated debentures* – The fair value of these subordinated debentures is based on discounted cash flows using management's estimate for market yields.
- e. *Senior unsecured notes* – The fair value is based on quoted prices provided by dealers who make markets in similar financial instruments.
- f. *Mortgages payable on real estate* – The fair value of consolidated variable-rate mortgages payable approximates the carrying value of such liabilities. The fair value of consolidated fixed-rate mortgages payable is estimated based upon discounted cash flows at current borrowing rates.

17. Stockholders' Equity

(a) Preferred Stock

The Company had 200,000,000 authorized shares of preferred stock, par value \$0.01 per share (the "Preferred Stock"), with 22,265,817 and 22,284,994 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.

As of March 31, 2023, the Company has four outstanding series of cumulative redeemable preferred stock: 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series D Preferred Stock"), 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series E Preferred Stock"), 6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series F Preferred Stock") and 7.000% Series G Cumulative Redeemable Preferred Stock ("Series G 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 March 2023, the Board of Directors approved a \$100.0 million preferred stock repurchase program. The program, which expires March 31, 2024, allows the Company to make repurchases of shares of Preferred Stock from time to time in open market transactions, including through block purchases or privately negotiated transactions. During the three months ended March 31, 2023, the Company repurchased 19,177 shares of Series G Preferred Stock pursuant to the preferred stock repurchase program for a total cost of approximately \$0.3 million, including fees and commissions paid to the broker, representing an average repurchase price of \$16.64 per preferred share. The difference between the consideration transferred and the carrying value of the preferred stock resulted in a gain attributable to common stockholders of approximately \$0.1 million during the three months ended March 31, 2023. As of March 31, 2023, \$99.7 million of the approved amount remained available for the repurchase of shares of Preferred Stock under the preferred stock repurchase program.

The following tables summarize the Company's Preferred Stock issued and outstanding as of March 31, 2023 and December 31, 2022 (dollar amounts in thousands):

March 31, 2023

Class of Preferred Stock	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Contractual Rate ⁽¹⁾	Optional Redemption Date ⁽²⁾	Fixed-to-Floating Rate Conversion Date ⁽¹⁾⁽³⁾	Floating Annual Rate ⁽⁴⁾
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%
Series F	7,750,000	5,750,000	138,650	143,750	6.875 %	October 15, 2026	October 15, 2026	3M SOFR + 6.130%
Fixed Rate								
Series G	5,450,000	2,980,823	71,756	74,520	7.000 %	January 15, 2027		
Total	31,500,000	22,265,817	\$ 537,889	\$ 556,645				

December 31, 2022

Class of Preferred Stock	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Liquidation Preference	Contractual Rate ⁽¹⁾	Optional Redemption Date ⁽²⁾	Fixed-to-Floating Rate Conversion Date ⁽¹⁾⁽³⁾	Floating Annual Rate ⁽⁴⁾
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%
Series F	7,750,000	5,750,000	138,650	143,750	6.875 %	October 15, 2026	October 15, 2026	3M SOFR + 6.130%
Fixed Rate								
Series G	5,450,000	3,000,000	72,218	75,000	7.000 %	January 15, 2027		
Total	<u>31,500,000</u>	<u>22,284,994</u>	<u>\$ 538,351</u>	<u>\$ 557,125</u>				

- ⁽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 optional 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 D Preferred Stock, Series E Preferred Stock, Series F Preferred Stock and Series G Preferred Stock, respectively).
- ⁽³⁾ Beginning on the respective fixed-to-floating rate conversion date, each of the Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock is entitled to receive a dividend on a floating rate basis according to the terms disclosed in footnote ⁽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. On and after the fixed-to-floating rate conversion date, the Series F Preferred Stock is entitled to receive a dividend at a floating rate equal to three-month SOFR plus the spread disclosed above per year on its \$25 liquidation preference.

For each series of Preferred Stock, on or after the respective optional 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

The following table presents the relevant information with respect to quarterly cash dividends declared on the Preferred Stock commencing January 1, 2022 through March 31, 2023:

Declaration Date	Record Date	Payment Date	Cash Dividend Per Share			
			Series D Preferred Stock	Series E Preferred Stock	Series F Preferred Stock	Series G Preferred Stock
March 9, 2023	April 1, 2023	April 15, 2023	\$ 0.50	\$ 0.4921875	\$ 0.4296875	\$ 0.43750
December 12, 2022	January 1, 2023	January 15, 2023	0.50	0.4921875	0.4296875	0.43750
September 16, 2022	October 1, 2022	October 15, 2022	0.50	0.4921875	0.4296875	0.43750
June 17, 2022	July 1, 2022	July 15, 2022	0.50	0.4921875	0.4296875	0.43750
March 14, 2022	April 1, 2022	April 15, 2022	0.50	0.4921875	0.4296875	0.43750

(c) Common Stock

The Company had 200,000,000 authorized shares of common stock, par value \$0.01 per share, with 91,180,096 and 91,193,688 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.

On February 22, 2023, the Company announced that the Board of Directors approved the Reverse Stock Split. The Reverse Stock Split was effected as of 12:01 a.m., New York City time, on March 9, 2023 (the "Effective Time"). Accordingly, at the Effective Time, every four issued and outstanding shares of the Company's common stock were converted into one share of the Company's common stock, with a proportionate reduction in the Company's authorized shares of common stock, outstanding equity awards and number of shares remaining available for issuance under the Company's 2017 Equity Incentive Plan (as amended, the "2017 Plan"). In connection with the reverse stock split, the number of authorized shares of the Company's common stock was also reduced on a one-for-four basis, from 800,000,000 to 200,000,000. The par value of each share of common stock remained unchanged. No fractional shares were issued in connection with the Reverse Stock Split. Instead, each stockholder holding fractional shares as a result of the Reverse Stock Split was entitled to receive, in lieu of such fractional shares, cash in an amount based on the closing price of the Company's common stock on the Nasdaq Global Select Market on March 8, 2023. The Reverse Stock Split applied to all of the Company's outstanding shares of common stock and therefore did not affect any stockholder's ownership percentage of shares of the Company's common stock, except for de minimis changes resulting from the payment of cash in lieu of fractional shares. All common share and per common share data included in these condensed consolidated financial statements and notes thereto have been adjusted on a retroactive basis to reflect the impact of the Reverse Stock Split.

In February 2022, the Board of Directors approved a \$200.0 million stock repurchase program. The program, which expires March 31, 2024, allows the Company to make repurchases of shares of common stock from time to time in open market transactions, including through block purchases, through privately negotiated transactions or pursuant to any Rule 10b-18 or 10b5-1 plans. In March 2023, the Board of Directors approved an upsize of the stock repurchase program to \$246.0 million. During the three months ended March 31, 2023, the Company repurchased 377,508 shares of its common stock pursuant to the stock repurchase program for a total cost of approximately \$3.6 million, including fees and commissions paid to the broker, representing an average repurchase price of \$9.56 per common share. The Company did not repurchase any shares of its common stock during the three months ended March 31, 2022. As of March 31, 2023, \$199.8 million of the approved amount remained available for the repurchase of shares of the Company's common stock under the stock repurchase program.

(d) Dividends on Common Stock

The following table presents cash dividends declared by the Company on its common stock with respect to the quarterly periods commencing January 1, 2022 through March 31, 2023:

Period	Declaration Date	Record Date	Payment Date	Cash Dividend Per Share
First Quarter 2023	March 9, 2023	March 20, 2023	April 26, 2023	\$ 0.40
Fourth Quarter 2022	December 12, 2022	December 27, 2022	January 26, 2023	0.40
Third Quarter 2022	September 16, 2022	September 26, 2022	October 26, 2022	0.40
Second Quarter 2022	June 17, 2022	June 27, 2022	July 25, 2022	0.40
First Quarter 2022	March 14, 2022	March 24, 2022	April 25, 2022	0.40

(e) Equity Distribution Agreements

On August 10, 2021, the Company entered into an equity distribution agreement (the "Common Equity Distribution Agreement") with a 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 the sales agent. 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.

There were no shares of the Company's common stock issued under the Common Equity Distribution Agreement during the three months ended March 31, 2023 and 2022. As of March 31, 2023, approximately \$100.0 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 a 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. On August 10, 2021, the Company entered into an amendment to the Preferred Equity Distribution Agreement that increased the maximum aggregate sales price to \$149.1 million. The amendment also provided for the inclusion of sales of the Company's Series F Preferred Stock and the exclusion of sales of the Company's Series C Preferred Stock. On March 2, 2022, the Company entered into an amendment to the Preferred Equity Distribution Agreement that provided for the inclusion of sales of the Company's Series G Preferred Stock and the exclusion of sales of the Company's Series B 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.

There were no shares of Preferred Stock issued under the Preferred Equity Distribution Agreement during the three months ended March 31, 2023 and 2022. As of March 31, 2023, approximately \$100.0 million of Preferred Stock remains available for issuance under the Preferred Equity Distribution Agreement.

18. Earnings (Loss) Per Common Share

The Company calculates basic earnings (loss) per common share by dividing net income (loss) attributable to the Company's common stockholders for the period by weighted-average shares of common stock outstanding for that period. Diluted earnings (loss) per common share takes into account the effect of dilutive instruments, such as convertible notes, performance share units ("PSUs") and restricted stock units ("RSUs"), and the number of incremental shares that are to be added to the weighted-average number of shares outstanding.

The Company redeemed the Convertible Notes at maturity in the amount of \$138.0 million on January 15, 2022. During the three months ended March 31, 2022, the Company's Convertible Notes were determined to be anti-dilutive and were not included in the calculation of diluted loss per common share.

During the three months ended March 31, 2023, certain of the 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 and outstanding RSUs vest according to the respective PSU and RSU 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. During the three months ended March 31, 2023, the RSUs awarded under the 2017 Plan were determined to be anti-dilutive and were not included in the calculation of diluted loss per common share. During the three months ended March 31, 2022, the PSUs and RSUs awarded under the 2017 Plan were determined to be anti-dilutive and were not included in the calculation of diluted loss per common share.

The following table presents the computation of basic and diluted earnings (loss) per common share for the periods indicated (dollar and share amounts in thousands, except per share amounts):

	Three Months Ended March 31,	
	2023	2022
Basic Earnings (Loss) per Common Share:		
Net income (loss) attributable to Company	\$ 20,863	\$ (73,850)
Less: Preferred Stock dividends	(10,484)	(10,493)
Plus: Gain on repurchase of preferred stock	142	—
Net income (loss) attributable to Company's common stockholders	<u>\$ 10,521</u>	<u>\$ (84,343)</u>
Basic weighted average common shares outstanding	91,314	95,199
Basic Earnings (Loss) per Common Share	<u>\$ 0.12</u>	<u>\$ (0.89)</u>
Diluted Earnings (Loss) per Common Share:		
Net income (loss) attributable to Company	\$ 20,863	\$ (73,850)
Less: Preferred Stock dividends	(10,484)	(10,493)
Plus: Gain on repurchase of preferred stock	142	—
Net income (loss) attributable to Company's common stockholders	<u>\$ 10,521</u>	<u>\$ (84,343)</u>
Weighted average common shares outstanding	91,314	95,199
Net effect of assumed PSUs vested	358	—
Net effect of assumed RSUs vested	—	—
Diluted weighted average common shares outstanding	<u>91,672</u>	<u>95,199</u>
Diluted Earnings (Loss) per Common Share	<u>\$ 0.11</u>	<u>\$ (0.89)</u>

19. Stock Based Compensation

Pursuant to the 2017 Plan, as approved by the Company's stockholders, eligible employees, officers and directors of the Company and individuals who provide services to the Company are offered the opportunity to acquire the Company's common stock through equity awards under the 2017 Plan. The maximum number of shares that may be issued under the 2017 Plan is 10,792,500.

Of the common stock authorized at March 31, 2023, 7,203,330 shares remain available for issuance under the 2017 Plan. The Company's non-employee directors have been issued 229,754 shares under the 2017 Plan as of March 31, 2023. The Company's employees have been issued 1,220,850 shares of restricted stock under the 2017 Plan as of March 31, 2023. At March 31, 2023, there were 550,536 shares of non-vested restricted stock outstanding, 1,159,901 common shares reserved for issuance in connection with outstanding PSUs under the 2017 Plan and 119,064 common shares reserved for issuance in connection with outstanding RSUs under the 2017 Plan.

Of the common stock authorized at December 31, 2022, 7,199,024 shares were reserved for issuance under the 2017 Plan. The Company's non-employee directors had been issued 229,754 shares under the 2017 Plan as of December 31, 2022. The Company's employees had been issued 952,350 shares of restricted stock under the 2017 Plan as of December 31, 2022. At December 31, 2022, there were 526,074 shares of non-vested restricted stock outstanding, 1,558,343 common shares reserved for issuance in connection with outstanding PSUs under the 2017 Plan and 263,708 common shares reserved for issuance in connection with outstanding RSUs under the 2017 Plan.

(a) Restricted Common Stock Awards

During the three months ended March 31, 2023 and 2022, the Company recognized non-cash compensation expense on its restricted common stock awards of \$1.0 million and \$1.1 million, respectively. Dividends are paid on all restricted stock issued, whether those shares have vested or not. Non-vested restricted stock is forfeited upon the recipient's termination of employment, subject to certain exceptions.

A summary of the activity of the Company's non-vested restricted stock under the 2017 Plan for the three months ended March 31, 2023 and 2022, respectively, is presented below:

	2023		2022	
	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 as of January 1	526,074	\$ 16.34	477,276	\$ 20.20
Granted	275,248	12.36	304,417	14.36
Vested	(244,015)	18.18	(221,239)	21.97
Forfeited	(6,771)	13.04	(5,370)	16.75
Non-vested shares as of March 31	550,536	\$ 13.57	555,084	\$ 16.31
Restricted stock granted during the period	275,248	\$ 12.36	304,417	\$ 14.36

⁽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 March 31, 2023 and 2022, the Company had unrecognized compensation expense of \$6.8 million and \$8.2 million, respectively, related to the non-vested shares of restricted common stock under the 2017 Plan. The unrecognized compensation expense at March 31, 2023 is expected to be recognized over a weighted average period of 2.2 years. The total fair value of restricted shares vested during the three months ended March 31, 2023 and 2022 was approximately \$3.0 million and \$3.2 million, respectively. The requisite service period for restricted stock awards at issuance is three years and the restricted common stock either vests ratably over the requisite service period or at the end of the requisite service period.

(b) Performance Share Units

Under the 2017 Plan, PSUs are instruments that provide the holder the right to receive one share of the Company's common stock once a performance condition has been satisfied. The awards were issued pursuant to and are consistent with the terms and conditions of the 2017 Plan.

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 total shareholder return of the Company's common stock over a future period of three years. For PSUs granted, 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.

The PSUs include dividend equivalent rights ("DERs") which shall remain outstanding from the grant date until the earlier of the settlement or forfeiture of the PSU to which the DER corresponds. Each vested DER entitles the holder to receive payments in an amount equal to any dividends paid by the Company in respect of the share of the Company's common stock underlying the PSU to which such DER relates. Upon vesting of the PSUs, the DER will also vest. DERs will be forfeited upon forfeiture of the corresponding PSUs. The DERs may be settled in cash or stock at the discretion of the Compensation Committee.

A summary of the activity of the target PSU awards under the 2017 Plan for the three months ended March 31, 2023 and 2022, respectively, is presented below:

	2023		2022	
	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 as of January 1	786,577	\$ 23.06	844,185	\$ 21.70
Granted	—	—	211,133	19.47
Vested	(201,978)	28.18	(268,729)	16.00
Non-vested target PSUs as of March 31	584,599	\$ 21.29	786,589	\$ 23.05

- ⁽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 total shareholder return of the Company's common stock over a future period of three years.

The three-year performance period for PSUs granted in 2020 ended on December 31, 2022, resulting in the vesting of 161,583 shares of common stock during the three months ended March 31, 2023 with a fair value of \$2.0 million on the vesting date. The number of vested shares related to PSUs granted in 2020 was less than the target PSUs of 201,978. The three-year performance period for PSUs granted in 2019 ended on December 31, 2021, resulting in the vesting of 183,374 shares of common stock during the three months ended March 31, 2022 with a fair value of \$2.6 million on the vesting date. The number of vested shares related to PSUs granted in 2019 was less than the target PSUs of 268,729. Non-vested PSUs are forfeited upon the recipient's termination of employment, subject to certain exceptions.

As of March 31, 2023 and 2022, there was \$4.6 million and \$10.3 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 March 31, 2023 is expected to be recognized over a weighted average period of 1.3 years. Compensation expense related to the PSUs was \$1.1 million and \$1.4 million for the three months ended March 31, 2023 and 2022, respectively.

(c) Restricted Stock Units

Under the 2017 Plan, each RSU represents an unfunded promise to receive one share of the Company's common stock upon satisfaction of the vesting provisions. The awards were issued pursuant to and are consistent with the terms and conditions of the 2017 Plan. The requisite service period for RSUs at issuance is three years and the RSUs vest ratably over the requisite service period.

The RSUs include DERs which shall remain outstanding from the grant date until the earlier of the settlement or forfeiture of the RSU to which the DER corresponds. Each vested DER entitles the holder to receive payments in an amount equal to any dividends paid by the Company in respect of the share of the Company's common stock underlying the RSU to which such DER relates. Upon vesting of the RSUs, the DER will also vest. DERs will be forfeited upon forfeiture of the corresponding RSUs. The DERs may be settled in cash or stock at the discretion of the Compensation Committee.

A summary of the activity of the RSU awards under the 2017 Plan for the three months ended March 31, 2023 and 2022, respectively, is presented below:

	2023		2022	
	Number of Non-vested Shares	Weighted Average Per Share Grant Date Fair Value ⁽¹⁾	Number of Non-vested Shares	Weighted Average Per Share Grant Date Fair Value ⁽¹⁾
Non-vested RSUs as of January 1	263,708	\$ 16.11	254,052	\$ 17.45
Granted	—	—	105,566	14.88
Vested	(131,094)	17.40	(95,910)	18.32
Forfeited	(13,550)	14.76	—	—
Non-vested RSUs as of March 31	119,064	\$ 14.83	263,708	\$ 16.10

⁽¹⁾ The grant date fair value of RSUs is based on the closing market price of the Company's common stock at the grant date.

During the three months ended March 31, 2023, 131,094 shares of common stock were issued in connection with the vesting of RSUs at a fair value of \$1.4 million on the vesting date. During the three months ended March 31, 2022, 95,910 shares of common stock were issued in connection with the vesting of RSUs at a fair value of \$1.4 million on the vesting date. Non-vested RSUs are forfeited upon the recipient's termination of employment, subject to certain exceptions.

As of March 31, 2023 and 2022, there was \$1.5 million and \$3.8 million of unrecognized compensation cost related to the non-vested portion of the RSUs, respectively. The unrecognized compensation cost related to the non-vested portion of the RSUs at March 31, 2023 is expected to be recognized over a weighted average period of 1.4 years. Compensation expense related to the RSUs was \$0.3 million and \$0.5 million for the three months ended March 31, 2023 and 2022, respectively.

20. Income Taxes

For the three months ended March 31, 2023 and 2022, the Company qualified to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, 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 condensed consolidated financial statements.

The income tax (benefit)/provision for the three months ended March 31, 2023 and 2022, respectively, is comprised of the following components (dollar amounts in thousands):

	Three Months Ended March 31,	
	2023	2022
Current income tax expense	\$ 187	\$ 65
Deferred income tax benefit	(171)	(87)
Total income tax provision/(benefit)	\$ 16	\$ (22)

Deferred Tax Assets and Liabilities

The major sources of temporary differences included in the deferred tax assets (liabilities) and their deferred tax effect as of March 31, 2023 and December 31, 2022, respectively, are as follows (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Deferred tax assets		
Net operating loss carryforward	\$ 4,455	\$ 3,513
Capital loss carryover	16,117	16,045
GAAP/Tax basis differences	6,596	1,869
Total deferred tax assets ⁽¹⁾	27,168	21,427
Deferred tax liabilities		
GAAP/Tax basis differences	—	394
Total deferred tax liabilities ⁽²⁾	—	394
Valuation allowance ⁽¹⁾	(24,720)	(18,756)
Total net deferred tax asset	\$ 2,448	\$ 2,277

⁽¹⁾ Included in other assets in the accompanying condensed consolidated balance sheets.

⁽²⁾ Included in other liabilities in the accompanying condensed consolidated balance sheets.

As of March 31, 2023, the Company, through wholly-owned TRSs, had incurred net operating losses in the aggregate amount of approximately \$13.1 million. The Company's carryforward net operating losses can be carried forward indefinitely until they are offset by future taxable income. Additionally, as of March 31, 2023, the Company, through its wholly-owned TRSs, had also incurred approximately \$47.3 million in capital losses. The Company's carryforward capital losses will expire between 2025 and 2028 if they are not offset by future capital gains.

At March 31, 2023, 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 an increase of approximately \$6.0 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.

21. Net Interest Income

The following table details the components of the Company's interest income and interest expense for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2023	2022
Interest income		
Residential loans		
Residential loans	\$ 16,954	\$ 24,834
Consolidated SLST	8,733	9,380
Residential loans held in securitization trusts	24,721	16,633
Total residential loans	50,408	50,847
Multi-family loans	2,436	2,951
Investment securities available for sale	3,169	4,675
Other	1,123	28
Total interest income	57,136	58,501
Interest expense		
Repurchase agreements	13,068	5,531
Collateralized debt obligations		
Consolidated SLST	6,315	5,978
Residential loan securitizations	17,376	7,456
Total collateralized debt obligations	23,691	13,434
Convertible notes	—	438
Senior unsecured notes	1,614	1,603
Subordinated debentures	962	459
Total interest expense	39,335	21,465
Net interest income	<u>\$ 17,801</u>	<u>\$ 37,036</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

When used in this Quarterly Report on Form 10-Q, 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 “will,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “could,” “would,” “should,” “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, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and, as such, may involve known and unknown risks, uncertainties and assumptions.

Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Actual results and outcomes could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation:

- changes in our business and investment strategy;
- inflation and changes in interest rates and the fair market value of our assets, including negative changes resulting in margin calls relating to the financing of our assets;
- changes in credit spreads;
- changes in the long-term credit ratings of the U.S., Fannie Mae, Freddie Mac, and Ginnie Mae;
- general volatility of the markets in which we invest;
- changes in prepayment rates on the loans we own or that underlie our investment securities;
- increased rates of default, delinquency or vacancy and/or decreased recovery rates on or at our assets;
- our ability to identify and acquire our targeted assets, including assets in our investment pipeline;
- our ability to dispose of assets from time to time on terms favorable to us, including the disposition over time of our joint venture equity investments;
- changes in our relationships with our financing counterparties and our ability to borrow to finance our assets and the terms thereof;
- changes in our relationships with and/or the performance of our operating partners;
- our ability to predict and control costs;
- changes in laws, regulations or policies affecting our business;
- our ability to make distributions to our stockholders in the future;
- 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 of 1940, as amended (the “Investment Company Act”); and
- risks associated with investing in real estate assets, including changes in business conditions and the general economy, the availability of investment opportunities and the conditions in the market for Agency RMBS, non-Agency RMBS, ABS and CMBS securities, residential loans, structured multi-family investments and other mortgage-, residential housing- and credit-related assets.

These and other risks, uncertainties and factors, including the risk factors described herein, as updated by those risks described in our subsequent filings with the SEC 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.

Defined Terms

In this Quarterly Report on Form 10-Q 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 we 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 RMBS” refers to RMBS representing interests in or obligations backed by pools of residential loans guaranteed by 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 Governmental National Mortgage Association (“Ginnie Mae”);
- “business purpose loans” refers to (i) short-term loans that are collateralized by residential properties and are made to investors who intend to rehabilitate and sell the residential property for a profit or (ii) loans that finance (or refinance) non-owner occupied residential properties that are rented to one or more tenants;
- “CDO” refers to collateralized debt obligation and includes debt that permanently finances the residential loans held in Consolidated SLST and the Company’s residential loans held in securitization trusts that we consolidate, or consolidated, in our financial statements in accordance with GAAP;
- “CMBS” refers to commercial mortgage-backed securities comprised of commercial mortgage pass-through securities issued by a government sponsored enterprise (“GSE”), 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;
- “Consolidated SLST” refers to a Freddie Mac-sponsored residential loan securitization, comprised of seasoned re-performing and non-performing residential loans, of which we own or owned the first loss subordinated securities and certain IOs and senior securities that we consolidate in our financial statements in accordance with GAAP;
- “Consolidated Real Estate VIEs” refers to Consolidated VIEs that own multi-family properties;
- “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;
- “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;
- “MBS” refers to mortgage-backed securities;
- “Mezzanine Lending” refers, collectively, to preferred equity and mezzanine loan investments;
- “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;
- “POs” refers to mortgage-backed securities that represent the right to the principal component of the cash flow from a pool of mortgage loans;
- “RMBS” refers to residential mortgage-backed securities backed by adjustable-rate, hybrid adjustable-rate or fixed-rate residential loans;
- “second mortgages” refers to liens on residential properties that are subordinate to more senior mortgages or loans; 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 primarily mortgage-related single-family and multi-family residential assets. Our objective is to deliver long-term stable distributions to our stockholders over changing economic conditions through a combination of net interest spread and capital gains from a diversified investment portfolio. Our investment portfolio includes credit sensitive single-family and multi-family assets.

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.

Reverse Stock Split

On February 22, 2023, we announced that our Board had unanimously approved a reverse stock split of our common stock at a ratio of one-for-four (the “Reverse Stock Split”). The Reverse Stock Split was effected as of 12:01 a.m., New York City time, on March 9, 2023 (the “Effective Time”). Accordingly, at the Effective Time, every four issued and outstanding shares of our common stock were converted into one share of our common stock. No fractional shares were issued in connection with the Reverse Stock Split. Instead, each stockholder that would have held fractional shares as a result of the Reverse Stock Split received cash in lieu of such fractional shares. The par value per share of our common stock remained unchanged at \$0.01 per share after the Reverse Stock Split. All references made to common share or per common share amounts in the accompanying condensed consolidated financial statements and applicable disclosures have been retroactively adjusted to reflect the effects of the Reverse Stock Split.

Executive Summary

Since the significant market disruption that occurred in March 2020, we have endeavored to build out a low-levered, higher-yielding portfolio of credit sensitive single-family and multi-family assets through proprietary sourcing channels while reducing our exposure to investment securities. Building scale in the portfolio and momentum in investment activity has proven challenging in the months since the March 2020 market disruption, with initial challenges driven in large part by robust market demand for credit assets as well as elevated prepayment and redemption activity. Market opportunities in our areas of investment focus became more abundant from the fourth quarter of 2021 through May of 2022, allowing us to expand our total investment portfolio to approximately \$4.6 billion as of June 30, 2022, up from \$3.6 billion as of December 31, 2021. However, the improved investment environment was short-lived, as the markets experienced extreme interest rate volatility and credit spread widening due to the Federal Reserve's actions to increase the federal funds target rate by a combined 475 bps during 2022 and first quarter of 2023 in an effort to curtail inflation. We chose to significantly curtail our investment activity and pipeline late in the second quarter of 2022. In light of current market conditions, which include increased volatility in the broader financial markets and the increasing risk of the U.S. economy entering into a recession in the coming months, we have been selective in pursuing investments across the residential housing sector, choosing instead to focus on further enhancing our liquidity, strengthening our balance sheet, protecting our book value and enhancing our asset management platform.

In September 2022, we announced that our Board of Directors had approved a strategic repositioning of our business pursuant to which we will opportunistically dispose of our joint venture equity interests in multi-family properties over time and, following disposition, reallocate the capital associated with such assets to our targeted assets. We are currently under a purchase and sale agreement on two of our multi-family joint venture properties and we are also considering various other opportunities to monetize our interests within our portfolio of multi-family joint venture equity investments. We believe that through a well-navigated disposition process, we can rotate this portfolio over time to more attractive investments. We expect to continue to invest in multi-family Mezzanine Lending going forward, which remains one of our targeted assets.

We intend to focus on our core portfolio strengths of single-family and multi-family residential credit assets, which we believe will deliver better risk adjusted returns over time. Our targeted investments include (i) residential loans, including business purpose loans, (ii) structured multi-family property investments such as preferred equity in, and mezzanine loans to, owners of multi-family properties, (iii) non-Agency RMBS, (iv) Agency RMBS, (v) CMBS and (vi) certain other mortgage-, residential housing- and credit-related assets and strategic investments in companies from which we purchase, or may in the future purchase, our targeted 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, we also may opportunistically acquire and manage various other types of mortgage-, residential housing- and other credit-related or alternative investments 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, securities issued by newly originated securitizations, including credit sensitive securities from these securitizations, ABS and debt or equity investments in alternative assets or businesses.

We expect to continue to place a greater emphasis on procuring longer-termed and non-mark-to-market financing arrangements that provide less or no exposure to fluctuations in the collateral repricing determinations of financing counterparties or rapid liquidity reductions in repurchase agreement financing markets. We still expect to utilize some level of repurchase agreement financing as we do currently, but expect repurchase agreement financing, particularly short-term agreements, to represent a smaller percentage of our financing relative to historic levels. While longer-termed and non-mark-to-market financings may incur a greater expense relative to repurchase agreement financings that expose us to mark-to-market risks, we believe that, over time, this weighting towards longer-termed financings may better allow us to manage our liquidity risk and reduce exposures to market events like those caused by the COVID-19 pandemic during March 2020.

In light of our patient approach in this current environment, we intend to continue to pursue selective investments across the residential housing sector with a focus on acquiring assets with shorter duration, significant discount to par pricing and less price sensitivity to credit deterioration. We will also consider the opportunistic disposition of assets from our portfolio, including our joint venture equity investments, and focus on generating higher portfolio turnover while we prudently manage our liabilities. We believe these actions, combined with our strong balance sheet and cash position, will help to protect our adjusted book value per common share during the expected continued volatile periods in the near future and will better position us to deploy capital and seize on superior market opportunities in the market cycles ahead. 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.

Portfolio Update

In the three months ended March 31, 2023, we continued to selectively pursue new single-family residential loans, multi-family investments and investment securities. Our investment activity was offset by prepayments, redemptions and distributions. The following table presents the activity for our investment portfolio for the three months ended March 31, 2023 (dollar amounts in thousands):

	December 31, 2022	Acquisitions ⁽¹⁾	Repayments ⁽²⁾	Sales	Fair Value Changes and Other ⁽³⁾	March 31, 2023
Residential loans	\$ 2,697,498	\$ 88,521	\$ (272,266)	\$ (166)	\$ 32,116	\$ 2,545,703
Preferred equity investments, mezzanine loans and equity investments	267,280	21,948	(4,902)	—	2,131	286,457
Investment securities						
Agency RMBS	—	106,146	(30)	—	1,084	107,200
CMBS	30,133	—	(8)	—	543	30,668
Non-Agency RMBS	68,570	—	(3,751)	—	(608)	64,211
ABS	856	—	—	—	(364)	492
Total investment securities available for sale	99,559	106,146	(3,789)	—	655	202,571
Consolidated SLST ⁽⁴⁾	191,533	—	(3,625)	—	610	188,518
Total investment securities	291,092	106,146	(7,414)	—	1,265	391,089
Equity investments in consolidated multi-family properties ⁽⁵⁾	144,735	—	(4,403)	—	2,599	142,931
Equity investments in disposal group held for sale	244,039	2,200	(450)	—	(15,375)	230,414
Single-family rental properties	149,230	425	—	—	12,780	162,435
Total investment portfolio	\$ 3,793,874	\$ 219,240	\$ (289,435)	\$ (166)	\$ 35,516	\$ 3,759,029

- (1) Includes draws funded for business purpose bridge loans and existing joint venture equity investments and capitalized costs for single-family rental properties.
- (2) Includes principal repayments and return of invested capital.
- (3) Primarily includes net realized gains or losses, changes in net unrealized gains or losses (including reversals of previously recognized net unrealized gains or losses on sales or redemptions), net amortization/accretion/depreciation, net loss from real estate attributable to the Company and the transfer of real estate owned to our single-family rental portfolio.
- (4) Consolidated SLST is primarily presented on our condensed consolidated balance sheets as residential loans, at fair value and collateralized debt obligations, at fair value. A reconciliation to our condensed consolidated financial statements as of March 31, 2023 and December 31, 2022, respectively, follows (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Residential loans, at fair value	\$ 829,153	\$ 827,582
Deferred interest ^(a)	(2,122)	(1,554)
Less: Collateralized debt obligations, at fair value	(638,513)	(634,495)
Consolidated SLST investment securities owned by NYMT	\$ 188,518	\$ 191,533

(a) Included in other liabilities on our condensed consolidated balance sheets.

- (5) See "Balance Sheet Analysis—Equity Investments in Multi-Family Entities" for a reconciliation of equity investments in consolidated multi-family properties and disposal group held for sale to the Company's condensed consolidated balance sheets.

- ⁽⁶⁾ In September 2022, the Company announced a repositioning of its business through the opportunistic disposition over time of the Company's joint venture equity investments in multi-family properties and reallocation of its capital away from such assets to its targeted assets. Accordingly, the assets and liabilities related to certain joint venture equity investments in multi-family properties are included in assets and liabilities of disposal group held for sale on the accompanying condensed consolidated balance sheets. See "Balance Sheet Analysis—Equity Investments in Multi-Family Entities" for a reconciliation of equity investments in consolidated multi-family properties and disposal group held for sale to the Company's condensed consolidated balance sheets.

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 ability of our operating partners, tenants and borrowers of our loans and those that underlie our investment securities to meet their payment obligations, the terms and availability of adequate financing and capital, general economic and real estate conditions (both on a national and local level), the impact of government actions in the real estate, mortgage, credit and financial markets, and the credit performance of our credit sensitive assets.

Financial and mortgage-related asset market conditions were generally steady but varied by duration and asset class during the first quarter of 2023. U.S. stocks edged upward, building on the growth seen in the fourth quarter of 2022. The Dow Jones Industrial Average finished the first quarter of 2023 up 0.4%, and the Nasdaq Composite Index realized surging growth of 16.8% in the first quarter of 2023. However, rising interest rates, concerns over tightening monetary policy, questions about the health of the banking system, inflation and geopolitical instability weighed on U.S. economic activity in the first quarter and dampened some economic outlooks. We anticipate that due to uncertainty related to the outlook for inflation, interest rates, monetary policy, ongoing recession concerns, the health of the banking system and U.S. debt limit negotiations, markets, and the pricing for many of our assets, will continue to experience volatility in the remainder 2023.

The market conditions discussed below significantly influence our investment strategy and results:

Select U.S. Financial and Economic Data. The U.S. economy grew modestly in the first quarter of 2023 with real gross domestic product (“GDP”) increasing at a 1.1% (advanced estimate) annualized rate, as compared to the annualized 2.6% GDP growth in the fourth quarter of 2022 and annualized 1.6% GDP contraction in the first quarter of 2022. The first quarter 2023 GDP increase marks three straight quarters of GDP growth. As inflationary pressures appear to slightly ebb and markets attempt to anticipate how the Federal Reserve may respond to slower growth in inflation, the uncertainty created by these macroeconomic trends may limit or undermine business activity and the potential for future GDP growth, which could negatively impact the value of credit investments. However, according to the minutes of the Federal Reserve’s March 2023 meeting, Federal Reserve policymakers expect GDP to grow modestly in 2023, although at a slower rate of growth than was seen in the last three quarters.

The U.S. labor market remained tight and fluctuated little throughout the first quarter of 2023. According to the U.S. Department of Labor, the U.S. unemployment rate was 3.5% at the end of March 2023, finishing flat to the unemployment rate of 3.5% as of the end of December 2022. The number of unemployed persons decreased by 0.1 million year-over-year to 5.8 million as of March 2023. There continues to be a wide disparity between the number of available job openings, 9.9 million as of the end of February 2023, and the number of unemployed persons, resulting in a competitive labor market and rising wages. As of March 2023, average hourly earnings for all employees on non-farm payrolls rose 4.2% year-over-year.

The interest rate environment remains turbulent year to date in 2023 as the Federal Reserve continued to raise the target rate for the federal funds rate. Following the Federal Reserve’s combined 4.25% increases to the federal funds rate in 2022, the Federal Reserve raised rates by an additional 25 basis points in each of February and March 2023. The target range for the federal funds rate was 4.75% to 5.00% as of April 30, 2023. The Federal Reserve has raised interest rates in an effort to rein in inflation as the Consumer Price Index (“CPI”) maintained multi-decade highs above 6% throughout 2022 and into February of 2023. However, a trend of decelerating inflation has become more clear with the CPI rising a more modest 5.0% in March 2023 and marking the ninth consecutive month-over-month decline in the CPI. With the Federal Reserve’s objective of reducing inflation underway, as demonstrated by recent CPI declines, and diverging opinions among Federal Reserve officials of the appropriateness of additional increases to the federal funds rate, some market commentators have begun to suggest that further increases are becoming less likely. Nonetheless, higher interest rates may put pressure on mortgage borrowers, rents and our operating partners.

Fears of an economic recession in the U.S. remain steady. The National Bureau of Economic Research defines a recession as “a significant decline in economic activity that is spread across the economy and that lasts more than a few months.” A February 2023 survey of economists by the National Association for Business Economics (“NABE”) indicated that 58% of respondents believed that a recession is likely to occur in 2023. The leading concern of the economists surveyed by NABE of what might tip the U.S. economy into a recession was too much monetary tightening. An economic recession may put pressure on the ability of operating partners, tenants and borrowers to meet their obligations, including to us, and would likely adversely impact the value of our assets, among other things, which could materially adversely affect our results of operations and financial condition.

Single-Family Homes and Residential Mortgage Market. Over the course of the first quarter of 2023, the residential real estate market showed signs of moderation. Data released by the S&P Dow Jones Indices for their S&P CoreLogic Case-Shiller National Home Price NSA Indices for January 2023 showed that, on average, home prices increased 2.5% for the 20-City Composite over January 2022, continuing a string of decelerating price growth that began in July 2022. Additionally, according to the National Association of Realtors (“NAR”), existing home sales in March 2023 were down 2.4% month-over-month and 22.0% year-over-year. NAR also reported that the median existing-home sales price for all housing types in March 2023 was \$375,700, down 0.9% from \$379,300 in March 2022. This decline in the median existing-home sales price follows a similar decline realized in February 2023 that ended a streak of 131 consecutive months of year-over-year increases, the longest streak on NAR’s records. According to data provided by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development, privately-owned housing starts for single-family homes averaged a seasonally adjusted annual rate of 840,667 for the three months ended March 31, 2023, as compared to 1,006,917 for the year ended December 31, 2022. Overall, existing home inventory for sale at the end of February amounted to 2.6 months of supply, up from 1.7 months of supply in February 2022, according to the NAR. As interest rates continue to move higher, we expect this to continue to put downward pressure on home prices and borrowers. Declining single-family housing fundamentals may adversely impact the overall credit profile and value of our existing portfolio of single-family residential credit investments and the value of our single-family rental properties, as well as the availability of certain of our targeted assets.

Rental Housing. According to data provided by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development, starts on multi-family homes containing five or more units averaged a seasonally adjusted annual rate of 541,000 for the three months ended March 31, 2023, as compared to 530,417 for the year ended December 31, 2022. Nationally, rents continued to grow in the first quarter of 2023, albeit at a slower pace than seen in 2022. Demand for new apartments will likely remain strong in the near term, particularly in the South and Southeastern U.S. where in recent years demand has outpaced supply. But, according to RealPage Analytics (“RealPage”), 1,026,941 apartment units were under construction across the U.S. as of the end of March 2023, the most in five decades. RealPage asserts that roughly half of the under-construction apartment units are scheduled to be completed in 2023. Weakening multi-family housing fundamentals, including, among other things, increasing supply of apartments and declining rents in the markets in which we invest, increasing interest rates, widening capitalization rates and reduced liquidity for owners of multi-family properties, may cause our operating partners to fail to meet their obligations to us and/or contribute to reduced cash flows from and/or valuation declines for multi-family properties, and in turn, many of the multi-family investments that we own.

Additionally, multi-family investments face growing regulatory and political headwinds. In January 2023, the White House Domestic Policy Council and National Economic Council released a white paper entitled the “Blueprint for a Renters Bill of Rights” (the “Blueprint”). The Blueprint discusses potential tenant protections regarding leasing and management of rental properties, tenant organizing, evictions and rent increases, among other potential protections. Although the Blueprint is non-binding, several federal agencies, including Fannie Mae and Freddie Mac, have announced actions that seek to further some of the principles set forth in the Blueprint. Policies, regulations or laws implemented to further the principles discussed in the Blueprint could lead to increased costs and reduced operational flexibility for multi-family and single-family rental properties, which could contribute to reduced cash flows from and/or valuation declines for multi-family and single-family rental properties, and in turn, many of the multi-family investments and single-family rentals that we own.

Credit Spreads. Investment grade credit spreads widened slightly over the course of the first quarter of 2023 while high-yield credit spreads tightened modestly. Tightening credit spreads generally increase the value of many of our credit sensitive assets, while widening credit spreads tend to have a negative impact on the value of many of our credit sensitive assets.

Financing Markets. Driven in part by the Federal Reserve’s increases to the federal funds rate and speculation about the Federal Reserve’s strategy with regard to future rate hikes, the Treasury curve inverted in July 2022 and has remained inverted ever since. On March 31, 2023, the spread between the 2-Year U.S. Treasury yield and the 10-Year U.S. Treasury yield closed at negative 58 basis points, as compared to a negative 53 basis point spread on December 30, 2022. Inversions of this spread are generally considered to be indicators of a recession in the near term. This spread is important as it is indicative of opportunities for investing in levered assets. Increases in interest rates raise the costs of many of our liabilities, while overall interest rate volatility generally increases the costs of hedging and may place downward pressure on some of our strategies.

Monetary Policy and Recent Regulatory Developments. The Federal Reserve took a number of actions to stabilize markets during the COVID-19 pandemic. From March 2020 until March 2022, the Federal Reserve implemented an asset purchase program aimed at providing liquidity to the U.S. Treasury and Agency RMBS markets. Under the Federal Reserve's asset purchase program, the Federal Reserve's balance sheet grew from about \$4.2 trillion in assets at the start of March 2020 to about \$8.9 trillion in assets at the end of the program in March 2022. On June 1, 2022, the Federal Reserve shifted course and began shrinking its balance sheet by reducing its holdings of U.S. Treasuries and Agency RMBS by \$47.5 billion per month. In September 2022, the Federal Reserve increased its efforts to reduce its balance sheet by doubling the amount of U.S. Treasuries and Agency RMBS it plans to roll off to \$95 billion each month. As of April 12, 2023, the Federal Reserve held about \$8.6 trillion in assets. Sales or reductions in the pace of purchasing of Agency RMBS by the Federal Reserve could create headwinds in the market for Agency RMBS where increased supply could drive prices lower and interest rates higher.

From March 2020 to March 2022, the Federal Reserve maintained a target range for the federal funds rate of 0% to 0.25% in view of the COVID-19 pandemic and to foster maximum employment and price stability. As discussed above, the Federal Reserve increased the federal funds rate a combined 4.75% since the start of 2022, including 50 basis points of increases in 2023 as of April 30, 2023. As of April 30 2023, the target range for the federal funds rate is 4.75% to 5.00%. With additional increases to the Federal Reserve's target range possible in 2023, some Federal Reserve officials expect the target range for the federal funds rate to reach a level between 5.50% and 5.75% by the end of 2023, while one official expects the range to reach 5.75% to 6.0%. However, the plotting of the Federal Reserve officials' expected target range for the federal funds rate as of March 2023 indicates divided thoughts among Federal Reserve officials of how many, if any, further increases to the target range are appropriate.

In 2017, policymakers announced that LIBOR would be replaced by 2021. The directive was spurred by the fact that banks are uncomfortable contributing to the LIBOR panel given the shortage of underlying transactions on which to base levels and the liability associated with submitting an unfounded level. The Alternative Reference Rates Committee ("ARRC"), which was convened by the Federal Reserve Board and the Federal Reserve Bank of New York to help ensure a successful transition from LIBOR, proposed that the Secured Overnight Funding Rate ("SOFR") would replace LIBOR. SOFR is based on overnight Treasury General Collateral repo rates.

The administrator of LIBOR, with the support of the Federal Reserve and the United Kingdom's Financial Conduct Authority, ceased publication of USD LIBOR on December 31, 2021, for only the one week and two month USD LIBOR tenors, and plans to cease publication of USD LIBOR on June 30, 2023 for all other USD LIBOR tenors. While the transition period was extended to June 2023, the Federal Reserve issued a statement advising banks to stop new USD LIBOR issuances by the end of 2021. In 2022 and thus far into 2023, the market's adoption of SOFR appears to be strong and growing. Additionally, the federal government enacted the Adjustable Interest Rate Act in March 2022 with the intention of assisting in the transition away from LIBOR. Nevertheless, uncertainty about the transition away from LIBOR and the future of the alternative reference rate remains. We continue to monitor the emergence of this new rate carefully, as it has in many cases, and will likely become in other cases, the new benchmark for hedges and a range of interest rate investments and financing arrangements.

The scope and nature of the actions the Federal Reserve and other governmental authorities will ultimately undertake are unknown and will continue to evolve. There can be no assurance as to how, in the long term, these and other actions, as well as the negative impacts from ongoing geopolitical instability and uncertainty surrounding inflation, interest rates and the outlook for the U.S. and global economies, will affect the efficiency, liquidity and stability of the financial, credit and mortgage markets, and thus, our business. Greater uncertainty frequently leads to wider asset spreads or lower prices and higher hedging costs.

First Quarter 2023 Summary

Earnings and Return Metrics

The following table presents key earnings and return metrics for the three months ended March 31, 2023 (dollar amounts in thousands, except per share data):

	Three Months Ended March 31, 2023
Net income attributable to Company's common stockholders	\$ 10,521
Net income attributable to Company's common stockholders per share (basic)	\$ 0.12
Undepreciated earnings ⁽¹⁾	\$ 12,641
Undepreciated earnings per common share ⁽¹⁾	\$ 0.14
Comprehensive income attributable to Company's common stockholders	\$ 11,112
Comprehensive income attributable to Company's common stockholders per share (basic)	\$ 0.12
Yield on average interest earning assets ⁽¹⁾⁽²⁾	6.24 %
Interest income	\$ 57,136
Interest expense	\$ 39,335
Net interest income	\$ 17,801
Net interest spread ⁽¹⁾⁽³⁾	0.41 %
Book value per common share at the end of the period	\$ 12.95
Adjusted book value per common share at the end of the period ⁽¹⁾	\$ 15.41
Economic return on book value ⁽⁴⁾	0.60 %
Economic return on adjusted book value ⁽⁵⁾	(0.50)%
Dividends per common share	\$ 0.40

⁽¹⁾ Represents a non-GAAP financial measure. A reconciliation of the Company's non-GAAP financial measures to their most directly comparable GAAP measure is included in "Non-GAAP Financial Measures" elsewhere in this section.

⁽²⁾ Calculated as the quotient of our adjusted interest income and our average interest earning assets and excludes all Consolidated SLST assets other than those securities owned by the Company.

⁽³⁾ Our calculation of net interest spread may not be comparable to similarly-titled measures of other companies who may use a different calculation.

⁽⁴⁾ Economic return on book value is based on the periodic change in GAAP book value per common share plus dividends declared per common share, if any, during the period.

⁽⁵⁾ Economic return on adjusted book value is based on the periodic change in adjusted book value per common share, a non-GAAP financial measure, plus dividends declared per common share, if any, during the period.

Key Developments During First Quarter 2023

Investing Activities

- Purchased approximately \$88.5 million in residential loans and approximately \$106.1 million of Agency RMBS.
- Funded approximately \$21.9 million of Mezzanine Lending investments.
- Repurchased \$59.9 million par value of our residential loan securitization CDOs for approximately \$58.4 million.
- Executed PSAs for the sale of two multi-family properties held by joint venture equity investments representing total net equity investments of \$23.7 million.

Financing Activities

- Effected a one-for-four reverse stock split of our issued, outstanding and authorized shares of common stock.
- Announced upside of common stock repurchase program to \$246.0 million and authorized preferred stock repurchase program under which the Company may repurchase up to \$100.0 million of the Company's preferred stock.

- Repurchased 377,508 shares of common stock pursuant to a stock repurchase program for approximately \$3.6 million at an average repurchase price of \$9.56 per share and 19,177 shares of Series G Preferred Stock at an average repurchase price of \$16.64 per preferred share.

Subsequent Events

- Executed letters of intent for the sale of four multi-family properties held by joint venture equity investments representing total net equity investments of \$38.4 million.

Capital Allocation

The following provides an overview of the allocation of our total equity as of March 31, 2023 and December 31, 2022, 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, senior unsecured notes and subordinated debentures, short-term and longer-term repurchase agreements and CDOs. A detailed discussion of our liquidity and capital resources is provided in “Liquidity and Capital Resources” elsewhere in this section.

The following tables set forth our allocated capital by investment category at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands).

At March 31, 2023:

	Single-Family	Multi-Family	Corporate/Other	Total
Residential loans	\$ 3,374,856	\$ —	\$ —	\$ 3,374,856
Consolidated SLST CDOs	(638,513)	—	—	(638,513)
Multi-family loans	—	95,309	—	95,309
Investment securities available for sale	171,411	30,668	492	202,571
Equity investments	—	166,148	25,000	191,148
Equity investments in consolidated multi-family properties ⁽¹⁾	—	142,931	—	142,931
Equity investments in disposal group held for sale ⁽²⁾	—	230,414	—	230,414
Single-family rental properties	162,435	—	—	162,435
Total investment portfolio carrying value	3,070,189	665,470	25,492	3,761,151
Liabilities:				
Repurchase agreements	(787,902)	—	—	(787,902)
Residential loan securitization CDOs	(1,390,991)	—	—	(1,390,991)
Senior unsecured notes	—	—	(97,561)	(97,561)
Subordinated debentures	—	—	(45,000)	(45,000)
Cash, cash equivalents and restricted cash ⁽³⁾	114,427	—	216,600	331,027
Adjustment of redeemable non-controlling interest to estimated redemption value	—	(44,237)	—	(44,237)
Other	60,147	(472)	(48,656)	11,019
Net Company capital allocated	\$ 1,065,870	\$ 620,761	\$ 50,875	\$ 1,737,506
Company Recourse Leverage Ratio ⁽⁴⁾				0.4x
Portfolio Recourse Leverage Ratio ⁽⁵⁾				0.3x

⁽¹⁾ Represents the Company's equity investments in consolidated multi-family properties that are not in disposal group held for sale. See "Balance Sheet Analysis—Equity Investments in Multi-Family Entities" for a reconciliation of equity investments in consolidated multi-family properties and disposal group held for sale to the Company's condensed consolidated financial statements.

⁽²⁾ Includes both unconsolidated and consolidated equity investments in multi-family properties that are held for sale in disposal group. See "Balance Sheet Analysis—Equity Investments in Multi-Family Entities" for a reconciliation of equity investments in consolidated multi-family properties and disposal group held for sale to the Company's condensed consolidated financial statements.

⁽³⁾ Excludes cash and restricted cash in the amount of \$24.2 million held in the Company's equity investments in consolidated multi-family properties and consolidated equity investments in disposal group held for sale. Restricted cash is included in the Company's accompanying condensed consolidated balance sheets in other assets.

⁽⁴⁾ Represents the Company's total outstanding recourse repurchase agreement financing, subordinated debentures and senior unsecured notes divided by the Company's total stockholders' equity. Does not include non-recourse repurchase agreement financing amounting to \$236.5 million, Consolidated SLST CDOs amounting to \$638.5 million, residential loan securitization CDOs amounting to \$1.4 billion and mortgages payable on real estate amounting to \$397.3 million as they are non-recourse debt.

⁽⁵⁾ Represents the Company's outstanding recourse repurchase agreement financing divided by the Company's total stockholders' equity.

At December 31, 2022:

	Single-Family	Multi-Family	Corporate/Other	Total
Residential loans	\$ 3,525,080	\$ —	\$ —	\$ 3,525,080
Consolidated SLST CDOs	(634,495)	—	—	(634,495)
Multi-family loans	—	87,534	—	87,534
Investment securities available for sale	68,570	30,133	856	99,559
Equity investments	—	152,246	27,500	179,746
Equity investments in consolidated multi-family properties ⁽¹⁾	—	144,735	—	144,735
Equity investments in disposal group held for sale ⁽²⁾	—	244,039	—	244,039
Single-family rental properties	149,230	—	—	149,230
Total investment portfolio carrying value	3,108,385	658,687	28,356	3,795,428
Liabilities:				
Repurchase agreements	(737,023)	—	—	(737,023)
Residential loan securitization CDOs	(1,468,222)	—	—	(1,468,222)
Senior unsecured notes	—	—	(97,384)	(97,384)
Subordinated debentures	—	—	(45,000)	(45,000)
Cash, cash equivalents and restricted cash ⁽³⁾	135,401	—	224,403	359,804
Adjustment of redeemable non-controlling interest to estimated redemption value	—	(44,237)	—	(44,237)
Other	61,063	(2,554)	(54,659)	3,850
Net Company capital allocated	\$ 1,099,604	\$ 611,896	\$ 55,716	\$ 1,767,216
Company Recourse Leverage Ratio ⁽⁴⁾				0.3x
Portfolio Recourse Leverage Ratio ⁽⁵⁾				0.3x

⁽¹⁾ Represents the Company's equity investments in consolidated multi-family apartment properties that are not in disposal group held for sale. See "Balance Sheet Analysis—Equity Investments in Multi-Family Entities" for a reconciliation of equity investments in consolidated multi-family properties and disposal group held for sale to the Company's condensed consolidated financial statements.

⁽²⁾ Includes both unconsolidated and consolidated equity investments in multi-family properties that are held for sale in disposal group. See "Balance Sheet Analysis—Equity Investments in Multi-Family Entities" for a reconciliation of equity investments in consolidated multi-family properties and disposal group held for sale to the Company's condensed consolidated financial statements.

⁽³⁾ Excludes cash in the amount of \$35.1 million held in the Company's equity investments in consolidated multi-family properties and consolidated equity investments in disposal group held for sale. Restricted cash is included in the Company's accompanying condensed consolidated balance sheets in other assets.

⁽⁴⁾ Represents the Company's total outstanding recourse repurchase agreement financing, subordinated debentures and senior unsecured notes divided by the Company's total stockholders' equity. Does not include non-recourse repurchase agreement financing amounting to \$291.2 million, Consolidated SLST CDOs amounting to \$634.5 million, residential loan securitization CDOs amounting to \$1.5 billion and mortgages payable on real estate amounting to \$394.7 million as they are non-recourse debt.

⁽⁵⁾ Represents the Company's outstanding recourse repurchase agreement financing divided by the Company's total stockholders' equity.

Results of Operations

The following discussion provides information regarding our results of operations for the three months ended March 31, 2023 and 2022, including a comparison of year-over-year results and related commentary. A number of the tables contain a “change” column that indicates the amount by which results from the three months ended March 31, 2023 are greater or less than the results from the respective period in 2022. Unless otherwise specified, references in this section to increases or decreases in 2023 refer to the change in results for the three months ended March 31, 2023 when compared to the three months ended March 31, 2022.

The following table presents the main components of our net income (loss) for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands, except per share data):

	Three Months Ended March 31,		
	2023	2022	\$ Change
Interest income	\$ 57,136	\$ 58,501	\$ (1,365)
Interest expense	39,335	21,465	17,870
Net interest income	17,801	37,036	(19,235)
Total non-interest income (loss)	66,827	(46,784)	113,611
General and administrative expenses	12,683	14,358	(1,675)
Expenses related to real estate	50,697	55,146	(4,449)
Portfolio operating expenses	7,070	9,489	(2,419)
Income (loss) from operations before income taxes	14,178	(88,741)	102,919
Income tax expense (benefit)	16	(22)	38
Net loss attributable to non-controlling interests	6,701	14,869	(8,168)
Net income (loss) attributable to Company	20,863	(73,850)	94,713
Preferred stock dividends	10,484	10,493	(9)
Gain on repurchase of preferred stock	142	—	142
Net income (loss) attributable to Company's common stockholders	10,521	(84,343)	94,864
Basic earnings (loss) per common share	\$ 0.12	\$ (0.89)	\$ 1.01
Diluted earnings (loss) per common share	\$ 0.11	\$ (0.89)	\$ 1.00

Interest Income and Interest Expense

During the three months ended March 31, 2023, interest income decreased primarily due to paydowns of higher-yielding business purpose loans. The increase in interest expense during the three-month period was due to 1) increased borrowings on repurchase agreement and securitization financings and 2) an increase in cost of financing due to an increase in interest rates.

Non-Interest Income (Loss)

Realized Gains, Net

The following table presents the components of realized gains, net recognized for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
Residential loans	\$ 1,081	\$ 3,432	\$ (2,351)
Investment securities and derivatives	—	374	(374)
Total realized gains, net	\$ 1,081	\$ 3,806	\$ (2,725)

During the three months ended March 31, 2023, the Company recognized \$1.1 million of net realized gains related to our residential loan portfolio, primarily as a result of loan prepayments.

During the three months ended March 31, 2022, the Company recognized net realized gains of \$3.4 million related to our residential loan portfolio, primarily as a result of loan prepayments. The Company also recognized net realized gains of \$0.4 million on the sale of non-Agency RMBS during the three months ended March 31, 2022.

Unrealized Gains (Losses), Net

The following table presents the components of unrealized gains (losses), net recognized for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
Residential loans	\$ 29,247	\$ (63,299)	\$ 92,546
Consolidated SLST	2,299	(15,279)	17,578
Preferred equity and mezzanine loan investments	452	(455)	907
Investment securities and derivatives	(3,509)	(4,626)	1,117
Total unrealized gains (losses), net	<u>\$ 28,489</u>	<u>\$ (83,659)</u>	<u>\$ 112,148</u>

The Company recognized \$28.5 million in net unrealized gains for the three months ended March 31, 2023, primarily due to yield tightening that impacted the pricing of our credit assets, particularly our residential loans and first loss subordinated securities we own in Consolidated SLST, partially offset by unrealized losses on our derivative instruments.

The Company recognized \$83.7 million in net unrealized losses for the three months ended March 31, 2022, respectively, primarily due to credit spread widening that impacted the pricing of our credit assets, particularly our residential loans, investment in Consolidated SLST, non-Agency RMBS and CMBS.

Income from Equity Investments

The following table presents the components of income from equity investments for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
Preferred return on preferred equity investments accounted for as equity	\$ 5,313	\$ 5,662	\$ (349)
Unrealized gains on preferred equity investments accounted for as equity	638	113	525
Income from unconsolidated joint venture equity investments in multi-family properties	1,060	250	810
(Loss) income from entities that invest in or originate residential properties and loans	(2,500)	28	(2,528)
Total income from equity investments	<u>\$ 4,511</u>	<u>\$ 6,053</u>	<u>\$ (1,542)</u>

Income from equity investments decreased during the three months ended March 31, 2023, primarily due to unrealized loss recognized on an equity investment in an entity that originates residential loans. This decrease was partially offset by an increase in unrealized gains on preferred equity investments and unconsolidated joint venture equity investments.

Other (Loss) Income

The following table presents the components of other (loss) income for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
Preferred equity and mezzanine loan premiums resulting from early redemption ⁽¹⁾	\$ —	\$ 1,503	\$ (1,503)
Gain on sale of real estate held for sale	—	370	(370)
Impairment on real estate, net	(10,275)	—	(10,275)
Miscellaneous	1,275	(446)	1,721
Total other (loss) income	<u>\$ (9,000)</u>	<u>\$ 1,427</u>	<u>\$ (10,427)</u>

⁽¹⁾ Includes premiums resulting from early redemptions of preferred equity and mezzanine loan investments accounted for as loans.

The net decrease in other income in the three months ended March 31, 2023 is primarily due to impairment loss recognized on two multi-family real estate assets in disposal group held for sale partially offset by gain on extinguishment of residential loan securitization CDOs repurchased in the first quarter of 2023. Additionally, there were no redemptions of preferred equity and mezzanine loan investments during the first quarter of 2023.

Expenses

The following tables present the components of general, administrative and portfolio operating expenses for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
General and Administrative Expenses			
Salaries, benefits and directors' compensation	\$ 9,367	\$ 10,798	\$ (1,431)
Professional fees	1,251	1,028	223
Other	2,065	2,532	(467)
Total general and administrative expenses	<u>\$ 12,683</u>	<u>\$ 14,358</u>	<u>\$ (1,675)</u>

The decrease in general and administrative expenses during the three months ended March 31, 2023 is primarily related to a decrease in stock-based compensation expense.

	Three Months Ended March 31,		
	2023	2022	\$ Change
Portfolio operating expenses	\$ 7,070	\$ 9,489	\$ (2,419)

The decrease in portfolio operating expenses during the three months ended March 31, 2023 can be attributed primarily to decreased servicing fees due to residential loan portfolio runoff.

Net (Loss) Income from Real Estate

The following table presents the components of net (loss) income from real estate for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
Income from real estate	\$ 41,746	\$ 25,589	\$ 16,157
Expenses related to real estate:			
Interest expense, mortgages payable on real estate	(22,478)	(7,157)	(15,321)
Depreciation expense on operating real estate	(6,039)	(10,111)	4,072
Amortization of lease intangibles related to operating real estate	—	(25,475)	25,475
Other expenses	(22,180)	(12,403)	(9,777)
Total expenses related to real estate	(50,697)	(55,146)	4,449
Other loss ⁽¹⁾	(11,573)	(233)	(11,340)
Net loss from real estate	(20,524)	(29,790)	9,266
Net loss attributable to non-controlling interest	6,701	14,869	(8,168)
Net loss from real estate attributable to Company	<u>\$ (13,823)</u>	<u>\$ (14,921)</u>	<u>\$ 1,098</u>

⁽¹⁾ Includes \$10.3 million net impairment of real estate in disposal group held for sale included in other loss and \$1.3 million of unrealized losses on derivatives included in unrealized losses, net in the Company's condensed consolidated statements of operations for the three months ended March 31, 2023.

The decrease in net loss from real estate during the three months ended March 31, 2023 was primarily due to the decrease in amortization expense as a result of lease intangibles being fully amortized during the year ended 2022 as well as a reduction in depreciation expense due to the application of held for sale accounting to real estate in disposal group held for sale beginning in September 2022. The decrease was partially offset by 1) an increase in interest expense on mortgages payable as a result of an increase in consolidated joint venture equity investments and an increase in interest rates and 2) impairment loss recognized on two multi-family real estate assets in disposal group held for sale.

Comprehensive Income (Loss)

The main components of comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively, are detailed in the following table (dollar amounts in thousands):

	Three Months Ended March 31,		
	2023	2022	\$ Change
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 10,521	\$ (84,343)	\$ 94,864
OTHER COMPREHENSIVE INCOME (LOSS)			
Increase (decrease) in fair value of available for sale securities			
Non-Agency RMBS	591	(2,188)	2,779
Total	591	(2,188)	2,779
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	591	(2,188)	2,779
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 11,112	\$ (86,531)	\$ 97,643

The changes in other comprehensive income (loss) ("OCI") for the 2023 period can be attributed primarily to an increase in the fair value of our investment securities where fair value option was not elected during the three months ended March 31, 2023 as a result of credit spread tightening in the first quarter of 2023.

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 are reflected in earnings instead of in OCI. As of March 31, 2023, the majority of the Company's investment securities are accounted for using the fair value option.

Analysis of Changes in GAAP Book Value

The following table analyzes the changes in GAAP book value of our common stock for the three months ended March 31, 2023 (amounts in thousands, except per share data):

	Three Months Ended March 31, 2023		
	Amount	Shares	Per Share ⁽¹⁾
Beginning Balance	\$ 1,210,091	91,194	\$ 13.27
Common stock issuance, net ⁽²⁾	50	364	
Common stock repurchase	(3,610)	(378)	
Preferred stock repurchase	18	—	
Balance after share activity	1,206,549	91,180	13.22
Dividends and dividend equivalents declared	(36,800)		(0.40)
Net change in accumulated other comprehensive income (loss):			
Investment securities available for sale ⁽³⁾	591		0.01
Net income attributable to Company's common stockholders	10,521		0.12
Ending Balance	<u>\$ 1,180,861</u>	<u>91,180</u>	<u>\$ 12.95</u>

(1) Outstanding shares used to calculate book value per common share for the three months ended March 31, 2023 are 91,180,096.

(2) Includes amortization of stock based compensation.

(3) The increase relates to unrealized gains in our investment securities due to improved pricing.

Non-GAAP Financial Measures

In addition to the results presented in accordance with GAAP, this Quarterly Report on Form 10-Q includes certain non-GAAP financial measures, including adjusted interest income, adjusted interest expense, adjusted net interest income, yield on average interest earning assets, average financing cost, net interest spread, undepreciated earnings and adjusted book value per common share. Our management team believes that these non-GAAP financial measures, when considered with our GAAP financial statements, provide supplemental information useful for investors as it enables them to evaluate our current performance and trends using the metrics that management uses to operate our business. Our presentation of non-GAAP financial measures may not be comparable to similarly-titled measures of other companies, who may use different calculations. Because these measures are not calculated in accordance with GAAP, they should not be considered a substitute for, or superior to, the financial measures calculated in accordance with GAAP. Our GAAP financial results and the reconciliations of the non-GAAP financial measures included in this Quarterly Report on Form 10-Q to the most directly comparable financial measures prepared in accordance with GAAP should be carefully evaluated.

Adjusted Net Interest Income and Net Interest Spread

Financial results for the Company during a given period include the net interest income earned on our investment portfolio of residential loans, RMBS, CMBS, ABS 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”). Adjusted net interest income and net interest spread (both supplemental non-GAAP financial measures) are impacted by factors such as our cost of financing and the interest rate that our investments bear. Furthermore, the amount of premium or discount paid on purchased investments and the prepayment rates on investments will impact adjusted net interest income as such factors will be amortized over the expected term of such investments.

We provide the following non-GAAP financial measures, in total and by investment category, for the respective periods:

- adjusted interest income – calculated by reducing our GAAP interest income by the interest expense recognized on Consolidated SLST CDOs,
- adjusted interest expense – calculated by reducing our GAAP interest expense by the interest expense recognized on Consolidated SLST CDOs,
- adjusted net interest income – calculated by subtracting adjusted interest expense from adjusted interest income,
- yield on average interest earning assets – calculated as the quotient of our adjusted interest income and our average interest earning assets and excludes all Consolidated SLST assets other than those securities owned by the Company,
- average financing cost – calculated as the quotient of our adjusted interest expense and the average outstanding balance of our interest bearing liabilities, excluding Consolidated SLST CDOs and mortgages payable on real estate, and
- net interest spread – calculated as the difference between our yield on average interest earning assets and our average financing cost.

We provide the non-GAAP financial measures listed above because we believe these non-GAAP financial measures provide investors and management with additional detail and enhance their understanding of our interest earning asset yields, in total and by investment category, relative to the cost of our financing and the underlying trends within our portfolio of interest earning assets. In addition to the foregoing, our management team uses these measures to assess, among other things, the performance of our interest earning assets in total and by asset, possible cash flows from our interest earning assets in total and by asset, our ability to finance or borrow against the asset and the terms of such financing and the composition of our portfolio of interest earning assets, including acquisition and disposition determinations. These measures remove the impact of Consolidated SLST which we consolidate in accordance with GAAP by only including the interest income earned by the Consolidated SLST securities that are actually owned by the Company, as the Company only receives income or absorbs losses related to the Consolidated SLST securities actually owned by the Company.

Prior to the quarter ended December 31, 2022, we also reduced GAAP interest expense by the interest expense on mortgages payable on real estate. Commencing with the quarter ended December 31, 2022, we reclassified the interest expense on mortgages payable on real estate to expenses related to real estate on our condensed consolidated statements of operations and, as such, it is no longer included in GAAP interest expense. Prior period disclosures have been conformed to the current period presentation.

The following tables set forth certain information about our interest earning assets by category and their related adjusted interest income, adjusted interest expense, adjusted net interest income, yield on average interest earning assets, average financing cost and net interest spread for the three months ended March 31, 2023 and 2022, respectively (dollar amounts in thousands):

Three Months Ended March 31, 2023

	Single-Family ⁽⁸⁾	Multi-Family	Corporate/Other	Total
Adjusted Interest Income ⁽¹⁾⁽²⁾	\$ 47,204	\$ 3,569	\$ 48	\$ 50,821
Adjusted Interest Expense ⁽¹⁾	(30,444)	—	(2,576)	(33,020)
Adjusted Net Interest Income ⁽¹⁾	<u>\$ 16,760</u>	<u>\$ 3,569</u>	<u>\$ (2,528)</u>	<u>\$ 17,801</u>
Average Interest Earning Assets ⁽³⁾	\$ 3,132,910	\$ 123,671	\$ 1,806	\$ 3,258,387
Average Interest Bearing Liabilities ⁽⁴⁾	\$ 2,150,130	\$ —	\$ 145,000	\$ 2,295,130
Yield on Average Interest Earning Assets ⁽¹⁾⁽⁵⁾	6.03 %	11.54 %	10.63 %	6.24 %
Average Financing Cost ⁽¹⁾⁽⁶⁾	(5.74)%	— %	(7.20)%	(5.83)%
Net Interest Spread ⁽¹⁾⁽⁷⁾	<u>0.29 %</u>	<u>11.54 %</u>	<u>3.43 %</u>	<u>0.41 %</u>

Three Months Ended March 31, 2022

	Single-Family ⁽⁸⁾	Multi-Family	Corporate/Other	Total
Adjusted Interest Income ⁽¹⁾⁽²⁾	\$ 46,823	\$ 3,312	\$ 2,388	\$ 52,523
Adjusted Interest Expense ⁽¹⁾	(12,975)	(12)	(2,500)	(15,487)
Adjusted Net Interest Income ⁽¹⁾	<u>\$ 33,848</u>	<u>\$ 3,300</u>	<u>\$ (112)</u>	<u>\$ 37,036</u>
Average Interest Earning Assets ⁽³⁾	\$ 2,926,764	\$ 142,584	\$ 22,496	\$ 3,091,844
Average Interest Bearing Liabilities ⁽⁴⁾	\$ 1,768,823	\$ 2,005	\$ 165,774	\$ 1,936,602
Yield on Average Interest Earning Assets ⁽¹⁾⁽⁵⁾	6.40 %	9.29 %	42.46 %	6.80 %
Average Financing Cost ⁽¹⁾⁽⁶⁾	(2.93)%	(2.39)	(6.03)%	(3.20)%
Net Interest Spread ⁽¹⁾⁽⁷⁾	<u>3.47 %</u>	<u>6.90 %</u>	<u>36.43 %</u>	<u>3.60 %</u>

(1) Represents a non-GAAP financial measure.

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

(3) Average Interest Earning Assets for the respective periods include residential loans, multi-family loans and investment securities and exclude all Consolidated SLST assets other than those securities owned by the Company. Average Interest Earning Assets is calculated based on the daily average amortized cost for the respective periods.

(4) Average Interest Bearing Liabilities for the respective periods include repurchase agreements, residential loan securitization CDOs, Convertible Notes, senior unsecured notes and subordinated debentures and exclude Consolidated SLST CDOs and mortgages payable on real estate as the Company does not directly incur interest expense on these liabilities that are consolidated for GAAP purposes. Average Interest Bearing Liabilities is calculated based on the daily average outstanding balance for the respective periods.

(5) Yield on Average Interest Earning Assets is calculated by dividing our annualized adjusted interest income relating to our portfolio of interest earning assets by our Average Interest Earning Assets for the respective periods.

(6) Average Financing Cost is calculated by dividing our annualized adjusted interest expense by our Average Interest Bearing Liabilities.

(7) Net Interest Spread is the difference between our Yield on Average Interest Earning Assets and our Average Financing Cost.

(8) The Company has determined it is the primary beneficiary of Consolidated SLST and has consolidated Consolidated SLST into the Company's condensed consolidated financial statements. Our GAAP interest income includes interest income recognized on the underlying seasoned re-performing and non-performing residential loans held in Consolidated SLST. Our GAAP interest expense includes interest expense recognized on the Consolidated SLST CDOs that permanently finance the residential loans in Consolidated SLST and are not owned by the Company. We calculate adjusted interest income by reducing our GAAP interest income by the interest expense recognized on the Consolidated SLST CDOs and adjusted interest expense by excluding the interest expense recognized on the Consolidated SLST CDOs, thus only including the interest income earned by the SLST securities that are actually owned by the Company in adjusted net interest income.

While average interest earning assets increased in 2023, adjusted interest income decreased by approximately \$1.7 million primarily due to a decrease in yield on average interest earnings assets. The decrease in yield on average interest earnings assets in 2023 was primarily due to 1) portfolio run-off of higher yielding business purpose loans, 2) an increase in business purpose loans held in non-accrual status and 3) the sale of certain higher-yielding ABS in the second half of 2022. Our average interest bearing liabilities and adjusted interest expense increased in 2023, primarily due to additional repurchase agreement and securitization financings and an increase in the cost of financing due to base interest rate movements. The previously described factors combined to reduce net interest spread in 2023.

A reconciliation of GAAP interest income to adjusted interest income, GAAP interest expense to adjusted interest expense and GAAP total net interest income to adjusted net interest income for the three months ended March 31, 2023 and 2022, respectively, is presented below (dollar amounts in thousands):

	Three Months Ended March 31,							
	2023				2022			
	Single-Family	Multi-Family	Corporate/Other	Total	Single-Family	Multi-Family	Corporate/Other	Total
GAAP interest income	\$ 53,519	\$ 3,569	\$ 48	\$ 57,136	\$ 52,801	\$ 3,312	\$ 2,388	\$ 58,501
GAAP interest expense	(36,759)	—	(2,576)	(39,335)	(18,953)	(12)	(2,500)	(21,465)
GAAP total net interest income	\$ 16,760	\$ 3,569	\$ (2,528)	\$ 17,801	\$ 33,848	\$ 3,300	\$ (112)	\$ 37,036
GAAP interest income	\$ 53,519	\$ 3,569	\$ 48	\$ 57,136	\$ 52,801	\$ 3,312	\$ 2,388	\$ 58,501
Remove interest expense from:								
Consolidated SLST CDOs	(6,315)	—	—	(6,315)	(5,978)	—	—	(5,978)
Adjusted interest income	\$ 47,204	\$ 3,569	\$ 48	\$ 50,821	\$ 46,823	\$ 3,312	\$ 2,388	\$ 52,523
GAAP interest expense	\$ (36,759)	\$ —	\$ (2,576)	\$ (39,335)	\$ (18,953)	\$ (12)	\$ (2,500)	\$ (21,465)
Remove interest expense from:								
Consolidated SLST CDOs	6,315	—	—	6,315	5,978	—	—	5,978
Adjusted interest expense	\$ (30,444)	\$ —	\$ (2,576)	\$ (33,020)	\$ (12,975)	\$ (12)	\$ (2,500)	\$ (15,487)
Adjusted net interest income ⁽¹⁾	\$ 16,760	\$ 3,569	\$ (2,528)	\$ 17,801	\$ 33,848	\$ 3,300	\$ (112)	\$ 37,036

(1) Adjusted net interest income is calculated by subtracting adjusted interest expense from adjusted interest income.

Undepreciated Earnings (Loss)

Undepreciated earnings (loss) is a supplemental non-GAAP financial measure defined as GAAP net income (loss) attributable to Company's common stockholders excluding the Company's share in depreciation expense and lease intangible amortization expense related to operating real estate, net. By excluding these non-cash adjustments from our operating results, we believe that the presentation of undepreciated earnings (loss) provides a consistent measure of our operating performance and useful information to investors to evaluate the effective net return on our portfolio. In addition, we believe that presenting undepreciated earnings (loss) enables our investors to measure, evaluate, and compare our operating performance to that of our peers.

A reconciliation of net income (loss) attributable to Company's common stockholders to undepreciated earnings (loss) for the three months ended March 31, 2023 and 2022, respectively, is presented below (amounts in thousands, except per share data):

	For the Three Months Ended March 31,	
	2023	2022
Net income (loss) attributable to Company's common stockholders	\$ 10,521	\$ (84,343)
Add:		
Depreciation expense on operating real estate	2,120	6,159
Amortization of lease intangibles related to operating real estate	—	13,979
Undepreciated earnings (loss)	\$ 12,641	\$ (64,205)
Weighted average shares outstanding - basic	91,314	95,199
Undepreciated earnings (loss) per common share	\$ 0.14	\$ (0.67)

Adjusted Book Value Per Common Share

Previously, we presented undepreciated book value per common share as a non-GAAP financial measure. Commencing with the quarter ended December 31, 2022, we discontinued disclosure of undepreciated book value per common share and instead present adjusted book value per common share, also a non-GAAP financial measure.

When presented in prior periods, undepreciated book value was calculated by excluding from GAAP book value the Company's share of cumulative depreciation and lease intangible amortization expenses related to operating real estate, net held at the end of the period. Since we began disclosing undepreciated book value, we identified additional items as materially affecting our book value and believe they should also be incorporated in order to provide a more useful non-GAAP measure for investors to evaluate our current performance and trends and facilitate the comparison of our financial performance and adjusted book value per common share to that of our peers. Accordingly, we calculate adjusted book value per common share by making the following adjustments to GAAP book value: (i) exclude the Company's share of cumulative depreciation and lease intangible amortization expenses related to operating real estate, net held at the end of the period, (ii) exclude the adjustment of redeemable non-controlling interests to estimated redemption value and (iii) adjust our liabilities that finance our investment portfolio to fair value.

Our rental property portfolio includes fee simple interests in single-family rental homes and joint venture equity interests in multi-family properties owned by Consolidated Real Estate VIEs. By excluding our share of non-cash depreciation and amortization expenses, adjusted book value reflects the value of our single-family rental properties and joint venture equity investments at their undepreciated basis.

Additionally, in connection with third party ownership of certain of the non-controlling interests in certain of the Consolidated Real Estate VIEs, we record redeemable non-controlling interests as mezzanine equity on our condensed consolidated balance sheets. The holders of the redeemable non-controlling interests may elect to sell their ownership interests to us at fair value once a year, subject to annual minimum and maximum amount limitations, resulting in an adjustment of the redeemable non-controlling interests to fair value that is accounted for by us as an equity transaction in accordance with GAAP. A key component of the estimation of fair value of the redeemable non-controlling interests is the estimated fair value of the multi-family apartment properties held by the applicable Consolidated Real Estate VIEs, which valuation is performed once a year by obtaining third party valuations in accordance with underlying agreements. However, because the corresponding real estate assets are not reported at fair value and thus not adjusted to reflect unrealized gains or losses in our condensed consolidated financial statements, the adjustment of the redeemable non-controlling interests to fair value directly affects our GAAP book value. By excluding the adjustment of redeemable non-controlling interests to estimated redemption value, adjusted book value more closely aligns the accounting treatment applied to our real estate assets and reflects the value of our joint venture equity investments at their undepreciated basis.

The substantial majority of our remaining assets are financial or similar instruments that are carried at fair value in accordance with the fair value option in our condensed consolidated financial statements. However, unlike our use of the fair value option for the assets in our investment portfolio, the CDOs issued by our residential loan securitizations, senior unsecured notes and subordinated debentures that finance our investment portfolio assets are carried at amortized cost in our condensed consolidated financial statements. By adjusting these financing instruments to fair value, adjusted book value reflects the Company's net equity in investments on a comparable fair value basis.

We believe that the presentation of adjusted book value per common share provides a more useful measure for investors and us than undepreciated book value as it provides a more consistent measure of our value, allows management to effectively consider our financial position and facilitates the comparison of our financial performance to that of our peers.

A reconciliation of GAAP book value to adjusted book value and calculation of adjusted book value per common share as of March 31, 2023 and December 31, 2022, respectively, is presented below (amounts in thousands, except per share data):

	March 31, 2023	December 31, 2022
Company's stockholders' equity	\$ 1,737,506	\$ 1,767,216
Preferred stock liquidation preference	(556,645)	(557,125)
GAAP book value	1,180,861	1,210,091
Add:		
Cumulative depreciation expense on operating real estate	33,553	31,433
Cumulative amortization of lease intangibles related to operating real estate	59,844	59,844
Adjustment of redeemable non-controlling interest to estimated redemption value	44,237	44,237
Adjustment of amortized cost liabilities to fair value	86,978	103,066
Adjusted book value	\$ 1,405,473	\$ 1,448,671
Common shares outstanding	91,180	91,194
GAAP book value per common share ⁽¹⁾	\$ 12.95	\$ 13.27
Adjusted book value per common share ⁽²⁾	\$ 15.41	\$ 15.89

⁽¹⁾ GAAP book value per common share is calculated using the GAAP book value and the common shares outstanding for the periods indicated.

⁽²⁾ Adjusted book value per common share is calculated using the adjusted book value and the common shares outstanding for the periods indicated.

Critical Accounting Estimates

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 conditions as of March 31, 2023 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 (loss) at the date of the consolidated financial statements and the reported amounts of income, expenses and other comprehensive income (loss) during the periods presented.

Changes in the estimates and assumptions could have a material effect on these consolidated 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. There have been no material changes to our critical accounting estimates as previously described under Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022. For a discussion of our critical accounting estimates and the possible effects of changes in estimates on our consolidated financial statements, please see Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022.

Recent Accounting Pronouncements

A discussion of recent accounting pronouncements and the possible effects on our consolidated financial statements is included in “Note 2 — Summary of Significant Accounting Policies” included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Balance Sheet Analysis

As of March 31, 2023, we had approximately \$6.2 billion of total assets. Included in this amount is approximately \$832.3 million of assets held in Consolidated SLST and \$1.7 billion of assets related to equity investments in multi-family properties that we consolidate in accordance with GAAP. As of December 31, 2022, we had approximately \$6.2 billion of total assets, approximately \$830.8 million of which represented Consolidated SLST and \$1.7 billion of which related to equity investments in multi-family properties that we consolidate in accordance with GAAP. For a reconciliation of our actual interests in Consolidated SLST, see “Portfolio Update” above. For a reconciliation of our equity investments in consolidated multi-family properties, see “Equity Investments in Multi-Family Entities” below.

Residential Loans

The following table presents the Company's residential loans, which include acquired residential loans held by the Company and residential loans held in Consolidated SLST, as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Acquired residential loans	\$ 2,545,703	\$ 2,697,498
Consolidated SLST	829,153	827,582
Total	<u>\$ 3,374,856</u>	<u>\$ 3,525,080</u>

Acquired Residential Loans

The Company's acquired residential loans, including performing, re-performing, and non-performing residential loans and business purpose loans, are presented at fair value on our condensed consolidated balance sheets. Subsequent changes in fair value are reported in current period earnings and presented in unrealized gains (losses), net on the Company's condensed consolidated statements of operations.

The following tables detail our acquired residential loans by strategy at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

March 31, 2023						
	Number of Loans	Unpaid Principal	Fair Value	Weighted Average FICO	Weighted Average LTV ⁽¹⁾	Weighted Average Coupon
Re-performing residential loan strategy	4,932	\$ 664,329	\$ 618,274	632	61%	5.0%
Performing residential loan strategy	2,905	670,007	560,615	716	64%	3.9%
Business purpose bridge loan strategy	1,698	1,099,009	1,074,416	732	65%	8.6%
Business purpose rental loan strategy	1,152	326,467	292,398	748	69%	5.1%
Total	<u>10,687</u>	<u>\$ 2,759,812</u>	<u>\$ 2,545,703</u>			

December 31, 2022						
	Number of Loans	Unpaid Principal	Fair Value	Weighted Average FICO	Weighted Average LTV ⁽¹⁾	Weighted Average Coupon
Re-performing residential loan strategy	5,001	\$ 677,229	\$ 610,595	631	62%	4.9%
Performing residential loan strategy	2,937	682,449	557,665	719	64%	3.9%
Business purpose bridge loan strategy	1,964	1,253,704	1,236,303	732	65%	8.5%
Business purpose rental loan strategy	1,163	329,299	292,935	748	69%	5.1%
Total	<u>11,065</u>	<u>\$ 2,942,681</u>	<u>\$ 2,697,498</u>			

⁽¹⁾ For second mortgages (included in performing residential loan strategy), the Company calculates the combined loan-to-value ("LTV"). For business purpose bridge loans, the Company calculates LTV 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.

Characteristics of Our Acquired Residential Loans:

Loan to Value at Purchase ⁽¹⁾	March 31, 2023	December 31, 2022
50% or less	14.8 %	14.6 %
>50% - 60%	12.3 %	12.3 %
>60% - 70%	24.1 %	24.4 %
>70% - 80%	27.9 %	27.9 %
>80% - 90%	9.7 %	10.0 %
>90% - 100%	5.7 %	5.5 %
>100%	5.5 %	5.3 %
Total	100.0 %	100.0 %

⁽¹⁾ For second mortgages, the Company calculates the combined LTV. For business purpose bridge loans, the Company calculates LTV 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	March 31, 2023	December 31, 2022
550 or less	8.8 %	8.4 %
551 to 600	7.7 %	7.3 %
601 to 650	8.3 %	8.1 %
651 to 700	16.4 %	16.5 %
701 to 750	25.2 %	25.6 %
751 to 800	26.6 %	27.3 %
801 and over	7.0 %	6.8 %
Total	100.0 %	100.0 %

Current Coupon	March 31, 2023	December 31, 2022
3.00% or less	7.4 %	7.4 %
3.01% - 4.00%	16.2 %	15.8 %
4.01% - 5.00%	21.0 %	19.8 %
5.01% - 6.00%	8.5 %	7.9 %
6.01% - 7.00%	7.8 %	7.7 %
7.01% - 8.00%	14.7 %	16.4 %
8.01% and over	24.4 %	25.0 %
Total	100.0 %	100.0 %

Delinquency Status	March 31, 2023	December 31, 2022
Current	88.5 %	90.6 %
31 – 60 days	2.4 %	2.2 %
61 – 90 days	1.5 %	1.8 %
90+ days	7.6 %	5.4 %
Total	100.0 %	100.0 %

Origination Year	March 31, 2023	December 31, 2022
2007 or earlier	21.5 %	20.6 %
2008 - 2016	4.4 %	4.1 %
2017 - 2019	8.0 %	7.8 %
2020	8.1 %	8.0 %
2021	24.9 %	26.1 %
2022	32.1 %	33.4 %
2023	1.0 %	— %
Total	100.0 %	100.0 %

The Company exercised its option to purchase 50% of the issued and outstanding interests of an entity that originates residential loans during the three months ended March 31, 2023. The Company purchased \$16.0 million and \$170.2 million of residential loans from the entity during the three months ended March 31, 2023 and 2022, respectively.

Consolidated SLST

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

Our investment in Consolidated SLST as of March 31, 2023 and December 31, 2022 was limited to the RMBS comprised of first loss subordinated securities and IOs issued by the securitization with an aggregate net carrying value of \$188.5 million and \$191.5 million, respectively. For more information on investment securities held by the Company within Consolidated SLST, refer to the "Investment Securities" section below.

The following table details the loan characteristics of the underlying residential loans that back our first loss subordinated securities issued by Consolidated SLST as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands, except current average loan size):

	March 31, 2023	December 31, 2022
Current fair value	\$ 829,153	\$ 827,582
Current unpaid principal balance	\$ 941,329	\$ 955,579
Number of loans	6,082	6,160
Current average loan size	\$ 154,773	\$ 155,126
Weighted average original loan term (in months) at purchase	351	351
Weighted average LTV at purchase	68 %	68 %
Weighted average credit score at purchase	699	703
Current Coupon:		
3.00% or less	2.9 %	3.0 %
3.01% – 4.00%	38.0 %	38.0 %
4.01% – 5.00%	39.4 %	39.3 %
5.01% – 6.00%	11.9 %	11.9 %
6.01% and over	7.8 %	7.8 %
Delinquency Status:		
Current	70.7 %	69.5 %
31 - 60	11.9 %	11.1 %
61 - 90	4.4 %	4.4 %
90+	13.0 %	15.0 %
Origination Year:		
2005 or earlier	31.1 %	31.1 %
2006	15.6 %	15.6 %
2007	21.4 %	21.4 %
2008 or later	31.9 %	31.9 %
Geographic state concentration (greater than 5.0%):		
California	10.6 %	10.6 %
Florida	10.3 %	10.3 %
New York	9.8 %	9.8 %
New Jersey	7.5 %	7.4 %
Illinois	7.2 %	7.2 %

Residential Loans Financing

Repurchase Agreements

As of March 31, 2023, the Company had repurchase agreements with four third-party financial institutions to fund the purchase of residential loans. As of March 31, 2023, the Company had no residential loan repurchase agreement exposure where the amount at risk was in excess of 5% of the Company's stockholders' equity.

The following table presents detailed information about these repurchase agreements and associated assets pledged as collateral at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	Maximum Aggregate Uncommitted Principal Amount	Outstanding Repurchase Agreements ⁽¹⁾	Net Deferred Finance ⁽²⁾ Costs	Carrying Value of Repurchase Agreements	Fair Value of Loans Pledged	Weighted Average Rate	Weighted Average Months to Maturity ⁽³⁾
March 31, 2023	\$ 1,975,000	\$ 562,371	\$ (1,247)	\$ 561,124	\$ 695,701	7.34 %	17.21
December 31, 2022	\$ 2,030,879	\$ 688,487	\$ (1,541)	\$ 686,946	\$ 867,033	6.65 %	16.69

⁽¹⁾ Includes non-mark-to-market repurchase agreements with an aggregate outstanding balance of \$317.3 million, a weighted average rate of 7.45%, and weighted average months to maturity of 23.05 months as of March 31, 2023. Includes a non-mark-to-market repurchase agreement with an outstanding balance of \$446.8 million, a rate of 6.77%, and months to maturity of 23.96 months as of December 31, 2022.

⁽²⁾ Costs related to 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 condensed consolidated balance sheets and are amortized as an adjustment to interest expense using the effective interest method, or straight line-method, if the result is not materially different.

⁽³⁾ The Company expects to roll outstanding amounts under these repurchase agreements into new repurchase agreements or other financings, or to repay outstanding amounts, 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 2023, 2022 and 2021 for our repurchase agreements secured by residential loans (dollar amounts in thousands):

Quarter Ended	Quarterly Average Balance	End of Quarter Balance	Maximum Balance at any Month-End
March 31, 2023	579,271	562,371	609,885
December 31, 2022	833,517	688,487	1,076,747
September 30, 2022	1,324,819	1,163,408	1,554,993
June 30, 2022	1,386,714	1,566,926	1,566,926
March 31, 2022	682,867	783,168	783,168
December 31, 2021	397,651	554,784	554,784
September 30, 2021	337,295	335,434	345,620
June 30, 2021	401,466	341,791	506,750
March 31, 2021	441,006	538,632	538,632

Collateralized Debt Obligations

Included in our portfolio are residential loans that are pledged as collateral for CDOs issued by the Company or by Consolidated SLST. The Company had a net investment in Consolidated SLST and other residential loan securitizations of \$189.9 million and \$323.8 million, respectively, as of March 31, 2023.

The following table summarizes Consolidated SLST CDOs and CDOs issued by the Company's residential loan securitizations as of March 31, 2023 (dollar amounts in thousands):

	Outstanding Face Amount	Carrying Value	Weighted Average Interest Rate ⁽¹⁾	Stated Maturity ⁽²⁾
Consolidated SLST ⁽³⁾	\$ 688,916	\$ 638,513	2.75 %	2059
Residential loan securitizations	\$ 1,416,155	\$ 1,390,991	3.58 %	2026 - 2062

- ⁽¹⁾ Weighted average interest rate is calculated using the outstanding face amount and stated interest rate of notes issued by the securitization and not owned by the Company.
- ⁽²⁾ The actual maturity of the Company's CDOs are primarily determined by the rate of principal prepayments on the assets of the issuing entity. The CDOs are also subject to redemption prior to the stated maturity according to the terms of the respective governing documents. As a result, the actual maturity of the CDOs may occur earlier than the stated maturity.
- ⁽³⁾ The Company has elected the fair value option for CDOs issued by Consolidated SLST.

Mezzanine Lending

The Company's Mezzanine Lending strategy may include preferred equity in, and mezzanine loans to, entities that have multi-family real estate assets. 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 Mezzanine Lending investments for accounting treatment as loans versus equity investments. Mezzanine Lending investments for which the characteristics, facts and circumstances indicate that loan accounting treatment is appropriate are included in multi-family loans on our condensed consolidated balance sheets.

Mezzanine Lending investments 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 equity investments on our condensed consolidated balance sheets. The Company records its equity in earnings or losses from these Mezzanine Lending investments under the hypothetical liquidation of book value method of accounting due to the structures and the preferences it receives on the distributions from these entities pursuant to the respective agreements. Under this method, the Company recognizes income or loss in each period based on the change in liquidation proceeds it would receive from a hypothetical liquidation of its investment.

As of March 31, 2023, one preferred equity investment was greater than 90 days delinquent. This investment represents 1.8% of the total fair value of our Mezzanine Lending portfolio.

The following tables summarize our Mezzanine Lending portfolio as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

March 31, 2023					
	Count	Fair Value ^{(1) (2)}	Investment Amount ⁽²⁾	Weighted Average Preferred Return Rate ⁽³⁾	Weighted Average Remaining Life (Years)
Preferred equity investments	25	\$ 261,457	\$ 263,685	12.13 %	3.7

December 31, 2022					
	Count	Fair Value ^{(1) (2)}	Investment Amount ⁽²⁾	Weighted Average Preferred Return Rate ⁽³⁾	Weighted Average Remaining Life (Years)
Preferred equity investments	23	\$ 239,780	\$ 242,970	11.98 %	3.4

⁽¹⁾ Preferred equity investments in the amounts of \$95.3 million and \$87.5 million are included in multi-family loans on the accompanying condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022, respectively. Preferred equity investments in the amounts of \$166.1 million and \$152.2 million are included in equity investments on the accompanying condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022, respectively.

⁽²⁾ The difference between the fair value and investment amount consists of any unamortized premium or discount, deferred fees or deferred expenses, and any unrealized gain or loss.

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

Mezzanine Lending Characteristics:

The following tables present characteristics of our Mezzanine Lending portfolio summarized by geographic concentrations of credit risk exceeding 5% of our total investment amount as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

March 31, 2023							
State	Count	Investment Amount	% Total	Weighted Average Coupon	Weighted Average LTV	Weighted Average DSCR ⁽¹⁾	
Florida	5	\$ 78,016	29.6 %	12.7 %	71 %	1.12x	
Texas	6	50,230	19.0 %	11.4 %	84 %	1.31x	
Alabama	2	34,432	13.1 %	12.3 %	68 %	2.34x	
Utah	1	20,894	7.9 %	12.0 %	67 %	N/A ⁽²⁾	
Arizona	1	16,118	6.1 %	14.0 %	94 %	0.95x	
Tennessee	1	13,916	5.3 %	11.0 %	94 %	1.25x	
Other	9	50,079	19.0 %	11.7 %	86 %	1.56x	
Total	25	\$ 263,685	100.0 %	12.1 %	79 %	1.39x	

December 31, 2022							
State	Count	Investment Amount	% Total	Weighted Average Coupon	Weighted Average LTV	Weighted Average DSCR ⁽¹⁾	
Florida	5	\$ 82,072	33.8 %	12.6 %	72 %	1.35x	
Texas	5	43,118	17.7 %	11.2 %	84 %	1.27x	
Alabama	2	33,827	13.9 %	12.3 %	68 %	2.23x	
Utah	1	20,568	8.5 %	12.0 %	67 %	N/A ⁽²⁾	
Tennessee	1	13,731	5.7 %	11.0 %	93 %	1.30x	
Other	9	49,654	20.4 %	11.7 %	86 %	1.72x	
Total	23	\$ 242,970	100.0 %	12.0 %	79 %	1.50x	

⁽¹⁾ Represents the weighted average debt service coverage ratio ("DSCR") of the underlying properties and excludes properties that are under construction.

⁽²⁾ Not applicable as the underlying property is under construction.

Equity Investments in Multi-Family Entities

The Company owns joint venture equity investments in entities that own multi-family properties. The Company determined that these joint venture entities are VIEs and that the Company is the primary beneficiary of all but two of these VIEs, resulting in consolidation of the VIEs where we are the primary beneficiary, including their assets, liabilities, income and expenses, in our condensed consolidated financial statements in accordance with GAAP. We receive a preferred return and/or pro rata variable distributions from these investments and, in certain cases, management fees based upon property performance. We also will participate in allocation of excess cash upon sale of the multi-family real estate assets.

As noted above, the Company owns joint venture equity investments in two entities that own multi-family properties where the Company has determined that these joint venture entities are VIEs but that the Company is not the primary beneficiary, resulting in the Company recording its equity investments at fair value. We receive variable distributions from these investments on a pro rata basis and management fees based upon property performance. We also will participate in allocation of excess cash upon sale of the multi-family real estate assets.

In September 2022, the Company announced a repositioning of its business through the opportunistic disposition over time of the Company's joint venture equity investments in multi-family properties and reallocation of its capital away from such assets to its targeted assets. Accordingly, the Company determined that certain joint venture equity investments met the criteria to be classified as held for sale and transferred the assets and liabilities of the respective Consolidated VIEs and its unconsolidated multi-family joint venture equity investments to assets and liabilities of disposal group held for sale. The Company's net equity in consolidated multi-family properties and disposal group held for sale totaled \$373.3 million and \$388.8 million as of March 31, 2023 and December 31, 2022, respectively.

A reconciliation of our net equity investments in consolidated multi-family properties and disposal group held for sale to our condensed consolidated financial statements as of March 31, 2023 and December 31, 2022, respectively, is shown below (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 11,971	\$ 21,129
Real estate, net	543,471	543,739
Assets of disposal group held for sale ⁽¹⁾	1,150,379	1,151,784
Other assets	9,396	13,686
Total assets	\$ 1,715,217	\$ 1,730,338
Mortgages payable on real estate, net ⁽²⁾	\$ 397,316	\$ 394,707
Liabilities of disposal group held for sale ⁽¹⁾	896,983	883,812
Other liabilities	6,149	10,511
Total liabilities	\$ 1,300,448	\$ 1,289,030
Redeemable non-controlling interest in Consolidated VIEs	\$ 54,352	\$ 63,803
Less: Adjustment of redeemable non-controlling interest to estimated redemption value	(44,237)	(44,237)
Non-controlling interest in Consolidated VIEs	8,327	9,040
Non-controlling interest in disposal group held for sale	22,982	23,928
Net equity investment ⁽³⁾	\$ 373,345	\$ 388,774

⁽¹⁾ See *Note 9* in the Notes to Condensed Consolidated Financial Statements for further information regarding our assets and liabilities of disposal group held for sale.

⁽²⁾ See *Note 14* in the Notes to Condensed Consolidated Financial Statements for further information regarding our mortgages payable on real estate.

⁽³⁾ The Company's net equity investment as of March 31, 2023 consists of \$142.9 million of net equity investments in consolidated multi-family properties and \$230.4 million of net equity investments in disposal group held for sale. The Company's net equity investment as of December 31, 2022 consists of \$144.7 million of net equity investments in consolidated multi-family properties and \$244.0 million of net equity investments in disposal group held for sale.

Equity Investments in Consolidated Multi-Family Properties not in Disposal Group Held for Sale

As of March 31, 2023, the Company's net equity investment in consolidated multi-family properties not in disposal group held of \$142.9 million primarily consists of a combined preferred equity and common equity investment in one joint venture entity that does not meet the criteria to be classified as held for sale. This joint venture entity also has third-party investors that have the ability to sell their ownership interests to us, at their election once a year subject to annual minimum and maximum amount limitations, and we are obligated to purchase, subject to certain conditions, such interests for cash, representing redeemable non-controlling interests of approximately \$54.4 million.

The geographic concentrations in consolidated multi-family properties exceeding 5% of our combined common and preferred net equity investments in consolidated multi-family properties not in disposal group held for sale as of March 31, 2023 and December 31, 2022, respectively, are shown below (dollar amounts in thousands):

March 31, 2023

State	Property Count	Total Equity Ownership Interest	Net Equity Investment ⁽¹⁾	Percentage of Total Net Equity Investment
Texas	5	69%	\$ 41,024	41.6 %
Florida	1	49%	\$ 14,422	14.6 %
Tennessee	2	65% - 69%	\$ 12,990	13.2 %
South Carolina	2	67% - 69%	\$ 10,598	10.8 %
Kentucky	1	69%	\$ 9,613	9.8 %
Alabama	1	69%	\$ 5,938	6.0 %

December 31, 2022

State	Property Count	Total Equity Ownership Interest	Net Equity Investment ⁽¹⁾	Percentage of Total Net Equity Investment
Texas	5	69%	\$ 40,825	40.7 %
Tennessee	2	65% - 69%	\$ 15,959	15.9 %
Florida	1	49%	\$ 14,075	14.0 %
South Carolina	2	67% - 69%	\$ 11,935	11.9 %
Kentucky	1	69%	\$ 9,257	9.2 %
Alabama	1	69%	\$ 5,812	5.8 %

⁽¹⁾ Represents consolidated multi-family properties' equity net of redeemable non-controlling interest at its estimated redemption value.

The following table provides summary information regarding our consolidated multi-family properties that are not in disposal group held for sale as of March 31, 2023.

Market	Property Count	Occupancy %	Units	Rent per Unit ⁽¹⁾	LTV ⁽²⁾
Beaufort, SC	1	95.6 %	248	\$ 1,461	71.4 %
Collierville, TN	1	91.0 %	324	1,508	74.0 %
Columbia, SC	1	94.9 %	276	1,084	86.2 %
Dallas, TX	2	93.8 %	401	1,853	81.3 %
Houston, TX	1	89.6 %	192	1,398	90.0 %
Little Rock, AR	1	93.1 %	202	1,263	89.6 %
Louisville, KY	1	87.7 %	300	1,332	90.5 %
Memphis, TN	1	76.9 %	242	1,120	90.9 %
Montgomery, AL	1	86.1 %	252	959	88.5 %
San Antonio, TX	2	93.3 %	684	1,261	78.1 %
St. Petersburg, FL	1	95.7 %	326	2,394	65.1 %
Total Count/Average	13	91.3 %	3,447	\$ 1,452	79.3 %

⁽¹⁾ Represents average monthly rent per unit.

⁽²⁾ Represents LTV of the underlying properties.

Equity Investments in Disposal Group Held for Sale

The following table provides summary information regarding the multi-family properties in the disposal group held for sale as of March 31, 2023.

Market	Property Count	Occupancy %	Units	Rent per Unit ⁽¹⁾	LTV ⁽²⁾
Apopka, FL	1	92.5 %	240	\$ 1,631	80.0 %
Birmingham, AL	2	92.5 %	693	1,418	72.9 %
Brandon, FL	2	82.2 %	1,267	1,473	84.7 %
Fort Myers, FL	1	94.4 %	338	1,459	59.8 %
Fort Worth, TX	1	92.2 %	256	1,173	67.3 %
Houston, TX	1	96.5 %	200	933	83.5 %
Kissimmee, FL	1	90.6 %	320	1,583	84.3 %
Oklahoma City, OK	2	89.1 %	957	771	85.7 %
Orlando, FL	1	88.2 %	220	1,557	85.7 %
Pearland, TX	2	92.3 %	234	1,582	61.0 %
Pensacola, FL	1	92.9 %	240	1,449	84.2 %
Plano, TX	2	91.2 %	702	1,494	75.2 %
Tampa, FL	1	92.5 %	400	1,723	55.5 %
Webster, TX	1	92.6 %	366	953	78.1 %
Total Count/Average	19	89.8 %	6,433	\$ 1,338	76.7 %

⁽¹⁾ Represents average monthly rent per unit.

⁽²⁾ Represents LTV of the underlying properties.

Equity Investments in Entities that Originate Residential Loans

As of March 31, 2023, the Company had an investment in an entity that originates residential loans. The following table summarizes our ownership interest in the entity that originates residential loans as of March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

		March 31, 2023		December 31, 2022	
	Strategy	Ownership Interest	Fair Value	Ownership Interest	Fair Value
Constructive Loans, LLC ⁽¹⁾	Residential Loans	50%	\$ 25,000	—	\$ 27,500
Total			\$ 25,000		\$ 27,500

⁽¹⁾ As of December 31, 2022, the Company had the option to purchase 50% of the issued and outstanding interests of an entity that originates residential loans. In February 2023, the Company exercised its option in full related to this investment. The Company accounts for this investment using the equity method and has elected the fair value option.

Investment Securities

At March 31, 2023, our investment securities portfolio included Agency RMBS, non-Agency RMBS, CMBS and ABS, which are classified as investment securities available for sale. Our investment securities also include first loss subordinated securities and certain IOs issued by Consolidated SLST. At March 31, 2023, we had no investment securities in a single issuer or entity that had an aggregate book value in excess of 5% of our total assets. The increase in the carrying value of our investment securities as of March 31, 2023 as compared to December 31, 2022 is primarily due to purchases of Agency RMBS and an increase in the fair value of a number of our investment securities during the period due to spread tightening.

The following tables summarize our investment securities portfolio as of March 31, 2023 and December 31, 2022 (dollar amounts in thousands):

	March 31, 2023							
Investment Securities	Current Par Value	Amortized Cost	Unrealized		Fair Value	Weighted Average		Outstanding Repurchase Agreements ⁽³⁾
			Gains	Losses		Coupon ⁽¹⁾	Yield ⁽²⁾	
Available for Sale ("AFS")								
Agency RMBS								
Agency Fixed-Rate	\$ 105,713	\$ 106,116	\$ 1,084	\$ —	\$ 107,200	5.47 %	5.46 %	\$ 94,306
Total Agency RMBS	105,713	106,116	1,084	—	107,200	5.47 %	5.46 %	94,306
Non-Agency RMBS								
Senior	40	40	—	(5)	35	3.41 %	3.38 %	—
Mezzanine	26,500	25,623	—	(1,374)	24,249	4.75 %	5.69 %	—
Subordinated	39,071	28,122	—	(13,434)	14,688	5.33 %	7.31 %	—
IO	509,669	16,361	8,878	—	25,239	1.46 %	26.88 %	—
Total Non-Agency RMBS	575,280	70,146	8,878	(14,813)	64,211	1.87 %	11.40 %	—
CMBS								
Mezzanine	26,025	26,025	—	(1,119)	24,906	8.21 %	8.20 %	—
Subordinated	6,000	6,000	—	(238)	5,762	12.03 %	12.03 %	—
Total CMBS	32,025	32,025	—	(1,357)	30,668	8.92 %	8.92 %	—
ABS								
Residuals	4	683	—	(191)	492	—	23.81 %	—
Total ABS	4	683	—	(191)	492	—	23.81 %	—
Total - AFS	\$ 713,022	\$ 208,970	\$ 9,962	\$ (16,361)	\$ 202,571	2.47 %	9.69 %	\$ 94,306
Consolidated SLST								
Non-Agency RMBS								
Subordinated	\$ 252,413	\$ 206,385	\$ —	\$ (36,948)	\$ 169,437	4.43 %	3.99 %	\$ 49,950
IO	147,625	20,562	—	(1,481)	19,081	3.50 %	6.27 %	—
Total Non-Agency RMBS	400,038	226,947	—	(38,429)	188,518	4.09 %	4.20 %	49,950
Total - Consolidated SLST	\$ 400,038	\$ 226,947	\$ —	\$ (38,429)	\$ 188,518	4.09 %	4.20 %	\$ 49,950
Total Investment Securities	\$ 1,113,060	\$ 435,917	\$ 9,962	\$ (54,790)	\$ 391,089	3.09 %	6.17 %	\$ 144,256

	December 31, 2022							
			Unrealized			Weighted Average		Outstanding
Investment Securities	Current Par Value	Amortized Cost	Gains	Losses	Fair Value	Coupon ⁽¹⁾	Yield ⁽²⁾	Repurchase Agreements
Available for Sale (“AFS”)								
Non-Agency RMBS								
Senior	\$ 41	\$ 41	\$ —	\$ (5)	\$ 36	2.74 %	2.89 %	\$ —
Mezzanine	30,250	29,325	—	(2,153)	27,172	4.77 %	5.58 %	—
Subordinated	39,104	28,108	—	(13,282)	14,826	9.38 %	8.37 %	—
IO	524,726	17,100	9,436	—	26,536	1.44 %	20.79 %	—
Total Non-Agency RMBS	594,121	74,574	9,436	(15,440)	68,570	2.09 %	10.38 %	—
CMBS								
Mezzanine	26,033	26,033	—	(1,662)	24,371	5.43 %	5.42 %	—
Subordinated	6,000	6,000	—	(238)	5,762	9.29 %	9.29 %	—
Total CMBS	32,033	32,033	—	(1,900)	30,133	6.14 %	6.13 %	—
ABS								
Residuals	4	797	59	—	856	—	30.19 %	—
Total ABS	4	797	59	—	856	—	30.19 %	—
Total - AFS	\$ 626,158	\$ 107,404	\$ 9,495	\$ (17,340)	\$ 99,559	2.45 %	9.33 %	\$ —
Consolidated SLST								
Non-Agency RMBS								
Subordinated	\$ 256,155	\$ 210,733	\$ —	\$ (40,182)	\$ 170,551	4.47 %	4.92 %	\$ 50,077
IO	149,873	21,528	—	(546)	20,982	3.50 %	3.01 %	—
Total Non-Agency RMBS	406,028	232,261	—	(40,728)	191,533	4.10 %	4.73 %	50,077
Total - Consolidated SLST	\$ 406,028	\$ 232,261	\$ —	\$ (40,728)	\$ 191,533	4.10 %	4.73 %	\$ 50,077
Total Investment Securities	\$ 1,032,186	\$ 339,665	\$ 9,495	\$ (58,068)	\$ 291,092	3.09 %	6.19 %	\$ 50,077

⁽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.

⁽³⁾ Outstanding repurchase agreements do not include \$82.5 million of repurchase agreement financing for CDOs repurchased from our residential loan securitizations. Repurchased CDOs are eliminated in consolidation in accordance with GAAP.

Investment Securities Financing

Repurchase Agreements

As of March 31, 2023, the Company had \$226.8 million outstanding under repurchase agreements with third-party financial institutions to fund a portion of its investment securities available for sale, securities owned in Consolidated SLST and CDOs repurchased from our residential loan securitizations. These repurchase agreements are short-term financings that bear interest rates typically based on a spread to SOFR 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 advance to us. The size of the haircut represents the counterparty’s perceived risk associated with holding the investment securities as collateral. The haircut provides counterparties 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. The Company expects to roll outstanding amounts under its repurchase agreements into new repurchase agreements or other financings, or to repay outstanding amounts, prior to or at maturity.

As of March 31, 2023, the Company's only repurchase agreement exposure where the amount at risk was in excess of 5% of the Company's stockholders' equity was to Bank of America at 6.88%.

The following table details the quarterly average balance, ending balance and maximum balance at any month-end during each quarter in 2023, 2022 and 2021 for our repurchase agreements secured by investment securities (dollar amounts in thousands):

Quarter Ended	Quarterly Average Balance	End of Quarter Balance	Maximum Balance at any Month-End
March 31, 2023	\$ 131,174	\$ 226,778	\$ 226,778
December 31, 2022	50,077	50,077	50,077
September 30, 2022	53,159	53,159	53,159
June 30, 2022	132,712	129,331	138,301
March 31, 2022	116,766	144,852	144,852
December 31, 2021	—	—	—
September 30, 2021	—	—	—
June 30, 2021	—	—	—
March 31, 2021	—	—	—

Derivative Assets and Liabilities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company enters into derivative financial instruments in connection with its risk management activities. These derivative instruments may include interest rate swaps, interest rate caps, futures and options contracts such as options on credit default swap indices, equity index options, swaptions and options on futures. The Company may also pursue forward-settling purchases or sales of Agency RMBS where the underlying pools of mortgage loans are “To-Be-Announced,” or TBAs, purchase options on U.S. Treasury futures or invest in other types of mortgage derivative securities. The Company elected not to apply hedge accounting for its derivative instruments.

The Company and the entities that own multi-family properties in which the Company owns joint venture equity investments are required by lenders on certain repurchase agreement financing and variable-rate mortgages payable on real estate to enter into interest rate cap contracts. These interest rate cap contracts are with a counterparty that involve the receipt of variable-rate amounts from the counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium. During the period these contracts are open, changes in the value of the contract are recognized as unrealized gains or losses.

The Company uses interest rate swaps to hedge the variable cash flows associated with our variable-rate borrowings. Interest rate swaps generally involve the receipt of variable-rate amounts from a counterparty, based on SOFR, in exchange for the Company making fixed-rate payments over the life of the interest rate swap without exchange of the underlying notional amount. Notwithstanding the foregoing, in order to manage its position with regard to its liabilities, the Company may enter into interest rate swaps which involve the receipt of fixed-rate amounts from a counterparty in exchange for the Company making variable-rate payments, based on SOFR, over the life of the interest rate swap without exchange of the underlying notional amount. The variable rate we pay or receive under its swap agreements has the effect of offsetting the repricing characteristics and cash flows of the Company's financing arrangements.

The Company has credit default swap index options that allow the Company to enter into a fixed rate payer position in the underlying credit default swap index at the agreed strike level, as well as equity index put options that gives the Company the right to sell the underlying index at a specified strike price.

Debt

The Company's debt as of March 31, 2023 included senior unsecured notes and subordinated debentures.

Senior Unsecured Notes

As of March 31, 2023, the Company had \$100.0 million aggregate principal amount of its 5.75% Senior Unsecured Notes (the "Senior Unsecured Notes") outstanding, due on April 30, 2026. The Senior Unsecured Notes were issued at par and carry deferred charges resulting in a total cost to the Company of approximately 6.64%. The Company's Senior Unsecured Notes contain various covenants including the maintenance of a minimum net asset value, ratio of unencumbered assets to unsecured indebtedness and senior debt service coverage ratio and limit the amount of leverage the Company may utilize and its ability to transfer the Company's assets substantially as an entirety or merge into or consolidate with another person.

Subordinated Debentures

As of March 31, 2023, certain of our wholly-owned subsidiaries had trust preferred securities outstanding of \$45.0 million with a weighted average interest rate of 8.84% which are due in 2035. 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 condensed consolidated balance sheets.

Balance Sheet Analysis - Company's Stockholders' Equity

The following table provides a summary of the Company's stockholders' equity at March 31, 2023 and December 31, 2022, respectively (dollar amounts in thousands):

	March 31, 2023	December 31, 2022
8.000% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	\$ 148,134	\$ 148,134
7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	179,349	179,349
6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	138,650	138,650
7.000% Series G Cumulative Redeemable Preferred Stock	71,756	72,218
Common stock	912	912
Additional paid-in capital	2,279,131	2,282,691
Accumulated other comprehensive loss	(1,379)	(1,970)
Accumulated deficit	(1,079,047)	(1,052,768)
Company's stockholders' equity	\$ 1,737,506	\$ 1,767,216

Liquidity and Capital Resources

General

Liquidity is a measure of our ability to meet potential cash requirements. Our short-term (the 12 months ending March 31, 2024) and long-term (beyond March 31, 2024) liquidity requirements include ongoing commitments to repay borrowings, fund and maintain investments, comply with margin requirements, fund our operations, pay dividends to our stockholders and other general business needs. Generally, our short-term and long-term liquidity needs are met by our existing cash balances and our investments and assets which generate liquidity on an ongoing basis through principal and interest payments, prepayments, net earnings retained prior to payment of dividends and distributions from equity investments. In addition, we may satisfy our short-term and/or long-term liquidity needs through the sale of assets from our investment portfolio, securities offerings or the securitization or collateralized financing of our assets.

Since late March 2020, we have focused on strengthening our balance sheet and long-term capital preservation primarily by focusing on assets and markets that provide compelling risk-adjusted returns through either an unlevered strategy or through residential loan repurchase agreement financing with terms of one year or more or sustainable non-mark-to-market financing arrangements, including securitizations and non-mark-to-market repurchase agreement financing. By executing this strategy, as of March 31, 2023, we reduced our financings subject to mark-to-market margin calls by 85% from December 31, 2019 levels, which has resulted in a portfolio recourse leverage ratio for the Company of 0.3 times. Beginning in the three months ended March 31, 2022, we re-commenced the use of short term repurchase agreement financing that is subject to mark-to-market margin calls to fund a portion of our investment securities portfolio, ending March 2023 with \$226.8 million of outstanding repurchase agreement financing secured by investment securities. Subject to market conditions, we intend to employ a prudent amount of leverage to conduct our business that is in excess of current leverage levels. However, in light of current market conditions, which include increased volatility in the broader financial markets and the increasing risk of the U.S. economy entering into a recession in the coming months, we currently expect to pursue selective investments across the residential housing sector and consider opportunistic dispositions. We also intend to maintain a solid position in unrestricted cash and a conservative approach to leverage based on current market conditions until we believe market conditions have sufficiently improved for the reasonable and prudent use of more substantial amounts of leverage. At March 31, 2023, we had \$227.8 million of cash and cash equivalents, \$127.5 million of unencumbered investment securities (including the securities we own in Consolidated SLST and CDOs repurchased from our residential loan securitizations), \$225.3 million of unencumbered residential loans and \$261.5 million of unencumbered preferred equity investments in owners of multi-family properties.

We historically have endeavored to fund our investments and operations through a balanced and diverse funding mix, including proceeds from the issuance of common and preferred equity and debt securities, short-term and longer-term repurchase agreements and CDOs. 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. As a result of the severe market dislocations related to the COVID-19 pandemic and, more specifically, the unprecedented illiquidity in our short-term repurchase agreement financing and MBS markets during that time, we have placed and expect to continue to place a greater emphasis on procuring longer-termed and/or more committed financing arrangements, such as securitizations, term financings and corporate debt securities that provide less or no exposure to fluctuations in the collateral repricing determinations of financing counterparties or rapid liquidity reductions in repurchase agreement financing markets. To this end, we have completed nine non-mark-to-market securitizations and three non-mark-to-market repurchase agreement financings with new and existing counterparties since March 2020.

Based on current market conditions, our current investment portfolio, new investment initiatives, expectations to dispose of assets from time to time on terms favorable to us, leverage ratio and available and future possible financing 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. We have explored and will continue in the near term to explore additional financing arrangements to further strengthen our balance sheet and position ourselves for future investment opportunities, including, without limitation, additional issuances of our equity and debt securities and longer-termed financing arrangements; however, no assurance can be given that we will be able to access any such financing, or the size, timing or terms thereof.

Cash Flows and Liquidity for the Three Months Ended March 31, 2023

During the three months ended March 31, 2023, net cash, cash equivalents and restricted cash decreased by \$37.9 million.

Cash Flows Used in Operating Activities

We used net cash flows in operating activities totaling \$11.4 million during the three months ended March 31, 2023. Our cash flow used in operating activities differs from our net income due to these primary factors: (i) differences between (a) accretion, amortization, depreciation 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.

Cash Flows from Investing Activities

During the three months ended March 31, 2023, our net cash flows provided by investing activities were \$57.1 million, primarily as a result of principal repayments and refinancing of residential loans, repayments of investment securities and returns of capital from equity investments. This was partially offset by purchases of investment securities and residential loans, the funding of multi-family preferred equity investments and the purchases of and capital expenditures on real estate.

Although we generally intend to hold our assets as long-term investments, we may sell certain of these assets 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 assets, if any.

Because a portion of our assets are financed through repurchase agreements or CDOs, a portion of the proceeds from any sales of or principal repayments on our assets may be used to repay balances under these financing sources. Accordingly, all or a significant portion of cash flows from principal repayments received from residential loans, including residential loans held in Consolidated SLST, and proceeds from sales or principal paydowns received from investment securities available for sale were used to repay CDOs issued by the respective Consolidated VIEs or repurchase agreements (included as cash used in financing activities).

Cash Flows Used in Financing Activities

During the three months ended March 31, 2023, our cash flows used in financing activities were \$83.6 million. The main uses of cash flows in financing activities were paydowns on CDOs, dividend payments on both common and preferred stock and repurchases of shares of common stock. This was partially offset by proceeds from repurchase agreements related to our residential loans and securities.

Liquidity – Financing Arrangements

As of March 31, 2023, we have outstanding short-term repurchase agreement financing on our investment securities, a form of collateralized short-term financing, with multiple financial institutions. Repurchase agreements we have historically used to finance our investment securities, including the repurchase agreements we currently have, are secured by certain of our investment securities and bear interest rates that move in close relationship to SOFR. Any financings under these repurchase agreements are based on the fair value of the assets 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, these 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 effectively call the loan at any time. Market value of the collateral represents the price of such collateral obtained from generally recognized sources or the 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 amount financed in cash, on minimal notice, and repurchase may be accelerated upon an event of default under the repurchase agreements. 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 were 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 a repurchase agreement counterparty defaults on its obligation to “re-sell” or return to us the assets that are securing the financing 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.”

At March 31, 2023, we had longer-term repurchase agreements with initial terms of up to three years with multiple third-party financial institutions that are secured by certain of our residential loans. The outstanding financing under one of these repurchase agreements is subject to margin calls to the extent the market value of the residential loans falls below specified levels. We have entered into or amended repurchase agreements with three new and existing counterparties that are secured by certain of our residential loans and are not subject to margin calls in the event the market value of the collateral declines. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Balance Sheet Analysis—Residential Loans Financing—Repurchase Agreements" for further information. During the terms of the repurchase agreements secured by residential loans, proceeds from the residential loans will be applied to pay any price differential, if applicable, and to reduce the aggregate repurchase price of the collateral. Repurchase of the residential loans financed by the repurchase agreements may be accelerated upon an event of default. The repurchase agreements secured by residential loans contain various covenants, including among other things, the maintenance of certain amounts of liquidity and stockholders' equity (as defined in the respective agreements). As of March 31, 2023, we had an aggregate amount at risk under our residential loan repurchase agreements of approximately \$133.3 million, which represents the difference between the fair value of the loans pledged and the outstanding balance of our repurchase agreements. Significant margin calls have had, and could in the future have, a material adverse effect on our results of operations, financial condition, business, liquidity and ability to make distributions to our stockholders. See "Liquidity and Capital Resources – General" above.

As of March 31, 2023, we had assets available to be posted as margin which included liquid assets, such as unrestricted cash and cash equivalents, and unencumbered investment securities that could be monetized to pay down or collateralize a liability immediately. As of March 31, 2023, we had \$215.8 million included in cash and cash equivalents and \$127.5 million in unencumbered investment securities available to meet additional haircuts or market valuation requirements. The unencumbered investment securities that we believe may be posted as margin as of March 31, 2023 included \$89.4 million of non-Agency RMBS (including an IO security we own in Consolidated SLST and CDOs repurchased from our residential loan securitizations), \$30.7 million of CMBS, \$6.9 million of Agency RMBS, and \$0.5 million of ABS.

At March 31, 2023, the Company had \$100.0 million aggregate principal amount of Senior Unsecured Notes outstanding. The Senior Unsecured Notes were issued at 100% of the principal amount and bear interest at a rate equal to 5.75% per year (subject to adjustment from time to time based on changes in the ratings of the Senior Unsecured Notes by one or more nationally recognized statistical rating organizations), payable semi-annually in arrears on April 30 and October 30 of each year, and are expected to mature on April 30, 2026, unless earlier redeemed. The Company has the right to redeem the Senior Unsecured Notes, in whole or in part, prior to maturity, subject to a "make-whole" premium or other date-dependent multiples of principal amount redeemed. No sinking fund is provided for the Senior Unsecured Notes.

At March 31, 2023, we also had other longer-term debt which includes Company-sponsored residential loan securitization CDOs with a carrying value of \$1.4 billion. We had ten Company-sponsored securitizations with CDOs outstanding as of March 31, 2023. See *Note 13* to our condensed consolidated financial statements included in this report for further discussion.

The real estate assets held by our multi-family joint venture equity investments are subject to mortgages payable. We have no obligation for repayment of the mortgages payable but, with respect to certain of the mortgages payable, we may execute a guaranty related to commitment of bad acts.

As of March 31, 2023, our Company recourse leverage ratio, which represents our total outstanding recourse repurchase agreement financing, subordinated debentures and Senior Unsecured Notes divided by our total stockholders' equity, was approximately 0.4 to 1. Our Company recourse leverage ratio does not include outstanding non-recourse repurchase agreement financing, debt associated with CDOs or mortgages payable on real estate. As of March 31, 2023, our portfolio recourse leverage ratio, which represents our outstanding recourse repurchase agreement financing divided by our total stockholders' equity, was approximately 0.3 to 1. We monitor all at risk or shorter-term financings to enable us to respond to market disruptions as they arise.

Liquidity – Hedging and Other Factors

Certain of our hedging instruments may also impact our liquidity. We may use interest rate swaps, interest rate caps, futures and options contracts such as options on credit default swap indices, equity index options, swaptions and options on futures. We may also use TBAs or other futures contracts to hedge interest rate and market value risk associated with our investment portfolio.

With respect to interest rate caps, the Company and the entities that own multi-family properties in which the Company owns joint venture equity investments are required by lenders on certain repurchase agreement financing and variable-rate mortgages payable on real estate to enter into interest rate cap contracts. These interest rate cap contracts are with a counterparty that involve the receipt of variable-rate amounts from the counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium. During the period these contracts are open, changes in the value of the contract are recognized as unrealized gains or losses.

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 variation 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.

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"), which provides for the issuance of up to \$20.0 million of shares of our common stock. The Company had no securities offerings during the three months ended March 31, 2023.

Preferred Stock and Common Stock Repurchase Programs

In March 2023, the Board of Directors approved a \$100.0 million preferred stock repurchase program. The program, which expires March 31, 2024, allows the Company to make repurchases of shares of preferred stock from time to time in open market transactions, including through block purchases, or privately negotiated transactions. During the three months ended March 31, 2023, the Company repurchased 19,177 of Series G Preferred Stock pursuant to the preferred stock repurchase program for a total cost of approximately \$0.3 million, including fees and commissions paid to the broker, representing an average repurchase price of \$16.64 per preferred share. The difference between the consideration transferred and the carrying value of the preferred stock resulted in a gain attributable to common stockholders of approximately \$0.1 million during the three months ended March 31, 2023. As of March 31, 2023, \$99.7 million of the approved amount remained available for the repurchase of shares of preferred stock under the preferred stock repurchase program.

In February 2022, the Board of Directors approved a \$200.0 million stock repurchase program. The program, which expires March 31, 2024, allows the Company to make repurchases of shares of common stock from time to time in open market transactions, including through block purchases, through privately negotiated transactions or pursuant to any Rule 10b-18 or 10b5-1 plans. In March 2023, the Board of Directors approved an upside of the stock repurchase program to \$246.0 million. During the three months ended March 31, 2023, the Company repurchased 377,508 shares of its common stock pursuant to the stock repurchase program for a total cost of approximately \$3.6 million, including fees and commissions paid to the broker, representing an average repurchase price of \$9.56 per common share. As of March 31, 2023, \$199.8 million of the approved amount remained available for the repurchase of shares of the Company's common stock under the stock repurchase program.

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 17* to our condensed consolidated financial statements included in this report.

Our Board of Directors will continue to evaluate our dividend policy each quarter and will make adjustments as necessary, based on our earnings and financial condition, capital requirements, maintenance of our REIT qualification, restrictions on making distributions under Maryland law and such other factors as our Board of Directors deems relevant. 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.

In the event we fail to pay dividends on our preferred stock, the Company would become subject to certain limitations on its ability to pay dividends or redeem or repurchase its common stock or preferred stock.

Redeemable Non-Controlling Interest

Pursuant to the operating agreement for one of our joint venture equity investments, third party investors in this joint venture have the ability to sell their ownership interests to us, at their election once a year subject to annual minimum and maximum amount limitations, and we are obligated to purchase, subject to certain conditions, such interests for cash. See *Note 7* to our condensed consolidated financial statements included in this report for further discussion of redeemable non-controlling interest.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

This section should be read in conjunction with “Item 1A. Risk Factors” in our Annual Report on Form 10-K and in 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 projections due to changes in our portfolio assets and borrowings mix and due to developments in the domestic and global financial, mortgage 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 or 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 residential loans and 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 financing, such as our repurchase agreements, may react to interest rates before our residential loans or RMBS because the weighted average next re-pricing dates on the related financing may have shorter time periods than that of the residential loans or RMBS. Moreover, changes in interest rates can directly impact prepayment speeds, thereby affecting our net return on residential loans and RMBS. During a declining interest rate environment, the prepayment of residential loans and 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 repurchase agreements to increase relative to the amount of residential loans and RMBS, possibly resulting in a decline in our net return on residential loans and RMBS, as replacement residential loans and RMBS may have a lower yield than those being prepaid. Conversely, during an increasing interest rate environment, residential loans and RMBS may prepay more slowly than expected, requiring us to finance a higher amount of residential loans and RMBS than originally forecast and at a time when interest rates may be higher, resulting in a decline in our net return on residential loans and RMBS. Accordingly, each of these scenarios can negatively impact our net interest income. In addition, when we purchase residential loans at a discount to par value, and borrowers then prepay at a slower rate than we expected, the decreased prepayments would result in a lower yield than expected on the asset and/or may result in a decline in the fair value of the residential loans.

We seek to manage interest rate risk in our portfolio by utilizing interest rate caps, interest rate swaps, swaptions, 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. Certain of our consolidated multi-family properties with variable rate mortgages payable have entered into interest rate cap contracts as required by the mortgage loan agreement. The Company also has an interest rate cap contract related to a repurchase agreement for residential loans, as required by the counterparty.

We utilize a model-based risk analysis system to assist in projecting portfolio performances over a scenario of different interest rates. Based on the results of the model, the instantaneous changes in interest rates specified below would have had the following effect on adjusted net interest income for the next 12 months based on our assets and liabilities as of March 31, 2023 (dollar amounts in thousands):

Changes in Interest Rates (basis points)	Changes in Adjusted Net Interest Income ⁽¹⁾
+200	\$ (15,573)
+100	\$ (7,853)
-100	\$ 7,932
-200	\$ 15,884

⁽¹⁾ Represents a non-GAAP financial measure. See Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" in this Quarterly Report on Form 10-Q for a reconciliation of the Company's non-GAAP financial measures to their most directly comparable GAAP measure.

Interest rate changes may also impact our GAAP book value and adjusted book value as our assets and related hedge derivatives, if any, 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 investments will increase. In general, we expect that, over time, decreases in the value of our portfolio attributable to interest rate changes may 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 a net aggregate book value increase or decline.

The interest rates for certain of our investments and our subordinated debt are either explicitly or indirectly based on LIBOR, which has been the subject of recent reform. In line with its plans to transition away from LIBOR, the United Kingdom's Financial Conduct Authority ceased publication for the one week and two month LIBOR tenors as of December 31, 2021, and intends to stop publication for all other tenors on June 30, 2023. At this time, it is not possible to predict the effect of such change, including the establishment of potential alternative reference rates, on the economy or markets we are active in either currently or in the future, or on any of our assets or liabilities whose interest rates are based on LIBOR. We are working closely with the entities that are involved in calculating the interest rates for our RMBS, our loan servicers for our floating rate loans, and with the trustee of our subordinated debt in order to determine what changes, if any, are required to be made to existing agreements for these transactions.

Our net interest income, the fair value of our assets and our financing activities could be negatively affected by volatility in interest rates, as has been the case throughout much of 2022 and in the first quarter of 2023. A prolonged period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Higher income volatility from changes in interest rates could cause a loss of future net interest income and a decrease in current fair market values of our assets. Fluctuations in interest rates will impact both the level of income and expense recorded on most of our assets and liabilities and the market value of all or substantially all of our interest-earning assets and interest-bearing liabilities, which in turn could have a material adverse effect on our net income, operating results, or financial condition.

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 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 on a portion of 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 previously disclosed, in March 2020, we observed unprecedented illiquidity in repurchase agreement financing and MBS markets which resulted in our receiving margin calls under our repurchase agreements that were well beyond historical norms. We took a number of decisive actions in response to these conditions, including the sale of assets and termination of our interest rate swaps. Since this time, we have placed and expect to continue to place a greater emphasis on procuring longer-termed and/or more committed financing arrangements, such as non-mark-to-market repurchase agreements, securitizations and other term financings, which may involve greater expense relative to repurchase agreement funding. We provide no assurance that we will be able in the future to access sources of capital that are attractive to us, that we will be able to roll over or replace our repurchase agreements or other financing instruments as they mature from time to time in the future or that we otherwise will not need to resort to unplanned sales of assets to provide liquidity in the future. See Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and the other information in this Quarterly Report on Form 10-Q for further information about our liquidity and capital resource management.

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

Prepayment Risk

When borrowers repay the principal on their residential loans before maturity or faster than their scheduled amortization, the effect 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. Conversely, residential mortgage assets purchased for less than their then current balance, such as many of our residential loans, may 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 may 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. Therefore, increased prepayments on our investments may accelerate the redeployment of our capital to generally lower yielding investments. Similarly, decreased prepayments are generally associated with increasing market interest rates and may slow our ability to redeploy capital to generally higher-yielding investments.

Our modeled prepayments will help determine the amount of hedging we use to off-set 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 residential loans, non-Agency RMBS, ABS, multi-family CMBS, preferred equity and mezzanine loan and joint venture equity investments, due to borrower defaults or defaults by our operating partners in their payment obligations to us. 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 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 provide no assurance that we will not experience unanticipated credit losses which would materially affect our operating results.

Current inflationary pressures have caused, and a possible economic recession in the U.S. in the coming months will cause, an increase in the credit risk of our credit sensitive assets. We would expect delinquencies, defaults and requests for forbearance arrangements to rise should savings, incomes and revenues of renters, borrowers, operating partners and other businesses become increasingly constrained from a slow-down in economic activity and/or the reduction or elimination of policies intended to help keep borrowers and renters in their residences. Any future period of payment deferrals, forbearance, delinquencies, defaults, foreclosures or losses will likely adversely affect our net interest income from preferred equity investments, residential loans, mezzanine loans and our RMBS, CMBS and ABS investments and rental income and reduce the distributions we receive from our joint venture equity investments in multi-family apartment communities, the fair value of these assets, our ability to liquidate the collateral that may underlie these investments or obtain additional financing and the future profitability of our investments. Further, in the event of delinquencies, defaults and foreclosure, regulatory changes and policies designed to protect borrowers and renters may slow or prevent us from taking remediation actions.

We purchase certain residential loans at a discount to par, reflecting a 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 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, CMBS and ABS. These investments typically consist of either the senior, mezzanine or subordinate tranches in securitizations. The underlying collateral of these securitizations may be exposed to various macroeconomic and asset-specific credit risks. These securities have varying levels of credit enhancement which provide some structural protection from losses within the securitization. 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. In addition, we are exposed to credit risk in our preferred equity, mezzanine loan and equity investments in owners of multi-family properties, including joint venture equity investments in multi-family apartment communities. 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 in which it invests or 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.

Fair Value Risk

Changes in interest rates, market liquidity, credit quality and other factors also expose us to market value (fair value) fluctuation on our assets, liabilities and hedges. For certain of our credit sensitive assets, fair values may 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 and extremely volatile periods or disruptions in the market, such as during the severe market disruption that occurred in 2020 or the current volatile market environment, make such estimates and assumptions inherently less certain. As a result, we believe our market value (fair value) risk has significantly increased. 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 and business environments as of March 31, 2023 and do not take into consideration the effects of subsequent changes.

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 March 31, 2023, 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 shift in interest rates.

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, credit conditions, 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 ⁽¹⁾	Net Duration ⁽¹⁾
(basis points)	(dollar amounts in thousands)	
+200	\$(164,994)	2.1
+100	\$(86,190)	2.3
Base		2.5
-100	\$95,352	2.8
-200	\$200,545	3.1

⁽¹⁾ Assets analyzed include residential loans, Mezzanine Lending investments, investment securities and derivatives held at fair value.

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.

Capital Market Risk

We are exposed to risks related to the equity capital markets, and our related ability to raise capital through the issuance of our common stock, preferred stock or other equity instruments. We are also exposed to risks related to the debt capital markets, and our related ability to finance our business through credit facilities or other debt instruments. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore may require us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing, and terms of capital we raise. Based on the currently uncertain market environment, we expect the capital markets to remain volatile and uncertain at varying levels for the near future and this may adversely affect our ability to access capital to fund our operations, meet our obligations and make distributions to our stockholders.

Item 4. 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 Exchange Act 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 Exchange Act) as of March 31, 2023. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2023.

Changes in Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed under [Part I, Item 1A](#) of our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In February 2022, the Board of Directors approved a \$200.0 million stock repurchase program. The program, which expires March 31, 2024, allows the Company to make repurchases of shares of common stock from time to time in open market transactions, including through block purchases, through privately negotiated transactions or pursuant to any Rule 10b-18 or 10b5-1 plan. In March 2023, the Board of Directors approved an upsize of the stock repurchase program to \$246.0 million. Subject to applicable securities laws, repurchases of the Company's common stock under the stock repurchase program may be made at times and in amounts as we deem appropriate, using available cash resources. The timing and extent to which we repurchase our common stock will depend upon, among other things, market conditions, the share price of the Company's common stock, liquidity, regulatory requirements and other factors, and common stock repurchases may be commenced or suspended at any time without prior notice. Shares of the Company's common stock repurchased by us under the stock repurchase program are cancelled and, until reissued by us, are deemed to be authorized but unissued shares of the Company's common stock.

During the three months ended March 31, 2023, the Company repurchased 377,508 shares of its common stock pursuant to the stock repurchase program for a total cost of approximately \$3.6 million, including fees and commissions paid to the broker, representing an average repurchase price of \$9.56 per common share. As of March 31, 2023, \$199.8 million of the approved amount remained available for the repurchase of shares of the Company's common stock under the stock repurchase program.

The following table presents information with respect to the shares of the Company's common stock that we purchased during the three months ended March 31, 2023 (dollar amounts in thousands, except per share data):

Period ⁽¹⁾	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2023 - January 31, 2023	153,808	\$ 10.45	153,808	\$ 155,767
February 1, 2023 - February 28, 2023	—	—	—	155,767
March 1, 2023 - March 31, 2023	223,700	8.95	223,700	199,768
Total	377,508	\$ 9.56	377,508	\$ 199,768

⁽¹⁾ On February 15, 2022, the Company's Board of Directors approved a \$200.0 million stock repurchase program that authorizes the Company to make repurchases of shares of the Company's common stock, which was announced on February 17, 2022. The repurchase program was initially set to expire March 31, 2023. On February 20, 2023, the Company's Board of Directors extended the repurchase program's expiration to March 31, 2024. This extension was announced on February 22, 2023. On March 15, 2023 the Company's Board of Directors approved an upsize of the stock repurchase program to \$246.0 million, which was announced on March 15, 2023.

In March 2023, the Board of Directors approved a \$100.0 million preferred stock repurchase program. The program, which expires March 31, 2024, allows the Company to make repurchases of shares of preferred stock from time to time in open market transactions, including through block purchases, or privately negotiated transactions.

During the three months ended March 31, 2023, the Company repurchased 19,177 shares of Series G Preferred Stock pursuant to the preferred stock repurchase program for a total cost of approximately \$0.3 million, including fees and commissions paid to the broker, representing an average repurchase price of \$16.64 per preferred share. As of March 31, 2023, \$99.7 million of the approved amount remained available for the repurchase of shares of preferred stock under the preferred stock repurchase program.

The following table presents information with respect to the shares of the Company's preferred stock that we purchased during the three months ended March 31, 2023 (dollar amounts in thousands, except per share data):

Period ⁽¹⁾	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2023 - January 31, 2023	—	\$ —	—	\$ 100,000
February 1, 2023 - February 28, 2023	—	—	—	100,000
March 1, 2023 - March 31, 2023	19,177	16.64	19,177	99,681
Total	19,177	\$ 16.64	19,177	\$ 99,681

⁽¹⁾ On March 15, 2023, the Company's Board of Directors approved a \$100.0 million preferred stock repurchase program that authorizes the Company to make repurchases of shares of the Company's preferred stock, which was announced on March 15, 2023. The preferred stock repurchase program is set to expire on March 31, 2024.

Item 6. Exhibits**EXHIBIT INDEX**

Exhibit	Description
3.1*	Articles of Amendment and Restatement of the Company, as amended.
3.2	Third Amended and Restated Bylaws of the Company (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 22, 2022)
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 of 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 of 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 of 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).
3.11	Articles Supplementary classifying and designating the Company's 6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable 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 July 6, 2021).
3.12	Articles Supplementary reclassifying and designating 6,600,000 authorized but unissued shares of the Series C Preferred Stock as additional shares of undesignated preferred stock, \$0.01 par value per share, of the Company (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 August 5, 2021).
3.13	Articles Supplementary classifying and designating 2,000,000 additional shares of the Series F 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 August 11, 2021).
3.14	Articles Supplementary classifying and designating the Company's 7.000% Series G Cumulative Redeemable Preferred Stock (the "Series G 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 November 23, 2021).

3.15	Articles Supplementary reclassifying and designating 6,000,000 authorized but unissued shares of the Series B Preferred Stock as additional shares of undesignated preferred stock, \$0.01 par value per share, of the Company (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 December 23, 2021).
3.16	Articles Supplementary classifying and designating 2,000,000 additional shares of the Series G 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 2, 2022).
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 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).
4.3	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).
4.4	Form of Certificate representing the Series F 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 July 6, 2021).
4.5	Form of Certificate representing the Series G Preferred Stock (Incorporated by reference to Exhibit 3.11 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on November 23, 2021).
4.6	Indenture, dated as of April 27, 2021, between the Company and UMB 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 April 27, 2021).
4.7	Form of 5.75% Senior Note due 2026 (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 April 27, 2021).

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.

10.1*	Form of 2023 Performance Stock Unit Award Agreement.
10.2*	Form of 2023 Restricted Stock Unit Award Agreement.
10.3*	The Company's 2023 Annual Incentive Plan.
10.4*	Separation and Consulting Agreement, dated as of April 26, 2023, by and between the Company and Nathan R. Reese.
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH**	Taxonomy Extension Schema Document
101.CAL**	Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL**	Taxonomy Extension Definition Linkbase Document
101.LAB**	Taxonomy Extension Label Linkbase Document
101.PRE**	Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (formatted in Inline XBRL and contained in Exhibit 101).

* 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) Condensed Consolidated Balance Sheets at March 31, 2023 and December 31, 2022; (ii) Condensed Consolidated Statements of Operations for the three months ended March 31, 2023 and 2022; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2023 and 2022; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2023 and 2022; (v) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and 2022; and (vi) Notes to Condensed 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: May 5, 2023

By: /s/ Jason T. Serrano

Jason T. Serrano
Chief Executive Officer
(Principal Executive Officer)

Date: May 5, 2023

By: /s/ Kristine R. Nario-Eng

Kristine R. Nario-Eng
Chief Financial Officer
(Principal Financial and Accounting Officer)

NEW YORK MORTGAGE TRUST, INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

(as amended)

FIRST: New York Mortgage Trust, Inc., a Maryland corporation (the “**Corporation**”), desires to amend and restate its charter (the “**Charter**”) as currently in effect and as hereinafter amended.

SECOND: 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 “**Corporation**”) 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 “Code”)) 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. Hailey
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, any individual who is a present or former director or officer of the Corporation or 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 Determination 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 Preferred Stock. 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 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: designate that class or series to distinguish it from all other classes and series of stock of the Corporation; specify the number of shares to be included in the class or series; set or change, subject to the provisions of Article 7 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 cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland (“SDAT”). Any of the terms of any class or series of stock set or changed pursuant to clause (e) of this Section 6.4 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 Charter and Bylaws. 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 Definitions. For the purpose of this Article 7, the following terms shall have the following meanings:

Aggregate Stock Ownership Limit. The term “Aggregate Stock Ownership Limit” shall mean nine and four-tenths percent (9.4%) in value of the aggregate of the outstanding shares of Capital Stock.

Beneficial Ownership. The term “Beneficial 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 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms “Beneficial Owner,” “Beneficially Owns” and “Beneficially Owned” shall have the correlative meanings.

Business Day. The term “Business Day” 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.

Capital Stock. The term “Capital Stock” shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. The term “Charitable Beneficiary” shall mean one or more beneficiaries of the Trust as determined pursuant to Section 7.3.6, 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.

Charitable Trust. The term “**Charitable Trust**” shall mean any trust provided for in Section 7.3.1.

Common Stock Ownership Limit. The term “**Common Stock Ownership Limit**” 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 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, each of the following requirements is met: the record holder of the shares of Capital Stock Beneficially Owned by the Disqualified Organization is a nominee of such Disqualified Organization, the nominee is not itself a Disqualified Organization, the nominee agrees not to transfer record ownership of such shares of Capital Stock to a Disqualified Organization, and the Board of Directors obtains such representations and undertakings from such Disqualified Organization and nominee as are reasonably necessary to ascertain the foregoing, or 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, (a) 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); (b) 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); (c) 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"); (d) 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 (e) 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) 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 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 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 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 such shares shall be deemed to have been sold on behalf of the Trust and 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 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 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 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 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.

EIGHT: 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

Name: Nathan R. Reese

Title: Secretary

By: /s/ Steven R. Mumma

Name: Steven R. Mumma

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 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 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

Name: Nathan R. Reese

Title: Secretary

By: /s/ Steven R. Mumma

Name: Steven R. Mumma

Title: President and Chief Executive Officer

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 (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.”

SECOND: 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.

THIRD: 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.

FOURTH: 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.

FIFTH: 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.

SIXTH: 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.

[SIGNATURE PAGE FOLLOWS]

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

Name: Nathan R. Reese

Title: Secretary

By: /s/ Steven R. Mumma

Name: Steven R. Mumma

Title: Chairman and Chief Executive Officer

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 (the “Charter”) is hereby amended to provide that, at the Effective Time (as defined below), every four shares of Common Stock, \$0.01 par value per share, of the Corporation, which are issued and outstanding immediately prior to the Effective Time, shall be changed into one issued and outstanding share of Common Stock, \$0.04 par value per share. No fractional shares of Common Stock of the Corporation will be or remain issued upon such amendment and each stockholder otherwise entitled to a fractional share shall be entitled to receive in lieu thereof cash in an amount equal to the product of the fraction of a share multiplied by the Market Price (as defined in Section 7.1 of the Charter) on the date of the Effective Time.

SECOND: The amendment to the Charter as set forth above has been duly approved by a majority of the Board of Directors of the Corporation as required by the Maryland General Corporation Law (the “MGCL”). Pursuant to Section 2-309(e)(2) of the MGCL, no stockholder approval was required.

THIRD: The Corporation desires to, and does hereby, further amend its Charter pursuant to Section 2-105(a)(13) and Section 2-605(a)(2) of the MGCL to replace Section 6.1 of the Charter with the following, effective immediately after the Effective Time:

“**Section 6.1. Authorized Shares.** The Corporation has authority to issue 400,000,000 shares of stock, consisting of 200,000,000 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) 8,400,000 shares are classified and designated as 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, (ii) 9,900,000 shares are classified and designated as 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, (iii) 7,750,000 shares are classified and designated as 6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, and (iv) 5,450,000 shares are classified and designated as 7.000% Series G Cumulative Redeemable Preferred Stock, \$0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is \$4,000,000. 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.”

FOURTH: Immediately prior to the foregoing amendment, the Corporation had authority to issue 1,000,000,000 shares of stock, consisting of 800,000,000 shares of Common Stock and 200,000,000 shares of Preferred Stock, of which (i) 8,400,000 shares were classified and designated as 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, (ii) 9,900,000 shares were classified and designated as 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, (iii) 7,750,000 shares were classified and designated as 6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, and (iv) 5,450,000 shares were classified and designated as 7.000% Series G Cumulative Redeemable Preferred Stock, \$0.01 par value per share. The aggregate par value of all authorized shares of all classes of stock having par value was \$10,000,000.

FIFTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment is 400,000,000 shares of stock, consisting of 200,000,000 shares of Common Stock and 200,000,000 shares of Preferred Stock, of which (i) 8,400,000 shares are classified and designated as 8.00% Series

D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, (ii) 9,900,000 shares are classified and designated as 7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, (iii) 7,750,000 shares are classified and designated as 6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share, and (iv) 5,450,000 shares are classified and designated as 7.000% Series G Cumulative Redeemable Preferred Stock, \$0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is \$4,000,000.

SIXTH: The information required by Section 2-607(b)(2)(i) of the Maryland General Corporation Law is not changed by the foregoing amendment of the Charter.

SEVENTH: These Articles of Amendment shall be effective at 12:01 a.m., eastern time, on March 9, 2023 (the “Effective Time”).

EIGHTH: The undersigned 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 acknowledges that to the best of her 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 Chief Financial Officer and attested to by its Chief Operating Officer and Secretary on this 28th day of February, 2023.

ATTEST:

New York Mortgage Trust, Inc.

By: /s/ Nathan R. Reese

Name: Nathan R. Reese

Title: Chief Operating Officer and Secretary

By: /s/ Kristine R. Nario-Eng

Name: Kristine R. Nario-Eng

Title: Chief Financial Officer

**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: _____, 2023

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 200% 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 200% 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, 2023 (the “**Performance Period Commencement Date**”) through December 31, 2025 (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	50%
Target	100%
Maximum	200%

* 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.

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 200% 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, dishonesty 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 MARYLAND applicable to contracts made and to be performed therein, exclusive of the conflict of laws provisions of MARYLAND 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. **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.

25. **Section 409A.** 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	< 25th Percentile	0%
Threshold	25th Percentile	50%
Target	50th Percentile	100%
≥ Maximum	≥ 75th Percentile	200%

* 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
ARR	ARMOUR Residential REIT, Inc.
CHMI	Cherry Hill Mortgage Investment Corporation
CIM	Chimera Investment Corporation
DX	Dynex Capital, Inc.
EFC	Ellington Financial Inc.
EARN	Ellington Residential Mortgage REIT
AJX	Great Ajax
IVR	Invesco Mortgage Capital Inc.
MFA	MFA Financial, Inc.
ORC	Orchid Island Capital, Inc.
PMT	PennyMac Mortgage Investment Trust
RC	Ready Capital Corp.
RWT	Redwood Trust, Inc.
RITM	Rithm 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: [●], 2023

Total Number of [●]

Restricted Stock Units:

Vesting Commencement January 1, 2023

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:

<u>Vesting Date</u>	<u>Portion of RSUs that</u>
	<u>Vest</u>
January 1, 2024	1/3
January 1, 2025	1/3
January 1, 2026	1/3

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.

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 MARYLAND applicable to contracts made and to be performed therein, exclusive of the conflict of laws provisions of MARYLAND 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.

2023 ANNUAL INCENTIVE PLAN

New York Mortgage Trust, Inc.'s 2023 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, 2023.

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 a percentage allocation of 75% based on the Quantitative Component and 25% based on the Qualitative Component:

a. **Quantitative Component.** The quantitative component (the "Quantitative Component") is comprised of two performance measures that relate to Total Economic Return on Adjusted Book Value ("**Adjusted TER**"), a non-GAAP financial measure. Adjusted TER is defined as (A) the sum of (i) the applicable entity's adjusted book value per share of common stock at December 31 of the applicable Fiscal Year (or the last day of the Performance Period) and (ii) the aggregate dividends per share of common stock declared by the applicable entity during the applicable Fiscal Year (or the Performance Period), divided by (B) the applicable entity's adjusted book value per share of common stock at December 31 of the prior Fiscal Year (or the day preceding the first day of the Performance Period).

The first performance measure under the Quantitative Component is based on absolute Adjusted TER for the Company (the "**Absolute TER Measure**") while the second performance measure under the Quantitative Component is based on the relative Adjusted TER ranking of the Company as compared to a performance peer group (the "**Relative TER Measure**").

Absolute TER Measure

One-half of the Quantitative Component (i.e., 37.5% of the eligible Bonus Award for each Participant) is subject to the Absolute TER Measure. The amount of each Participant's bonus payable in respect of the Absolute TER Measure will be contingent on meeting certain performance levels (as described below) for the Fiscal Year.

The size of the Absolute TER Measure portion of the Quantitative Component shall be contingent upon the Company exceeding specified hurdle rates for Absolute TER for the Fiscal Year set by the Compensation Committee. The size of the Absolute TER Measure portion of the Quantitative Component of each Participant's Bonus Award shall be based on the following threshold, target and maximum performance levels:

Absolute TER Measure Hurdles (1)	Payout as a % of Target Bonus Upon Achievement of Absolute TER Measure Hurdles
Less than 4%	0%
4%	50%
9%	100%
14%	200%

(1) At the discretion of the Compensation Committee, payout percentages may exceed the stated payout percentage for achievement of the applicable Absolute TER Measure hurdle in excess of 14%.

If performance is between the threshold (4%) and target (9%) or between the target (9%) and maximum (14%), the performance level achieved is determined by applying linear interpolation to the performance interval. For the avoidance of doubt, the amount of each Bonus Award earned under the Absolute TER Measure portion of the Quantitative Component shall be zero if the Company's Adjusted TER is below the 4% threshold hurdle rate. The actual amount earned by each Participant under the Absolute TER Measure portion of the Quantitative Component is calculated by multiplying 37.5% by the product of the applicable payout percentage and the Participant's target amount under the Bonus Award, which target amount is set forth in the appendix attached hereto.

Relative TER Measure

One-half of the Quantitative Component (i.e., 37.5% of the eligible Bonus Award for each Participant) is subject to the Relative TER Measure. The amount of each Participant's bonus payable in respect of the Relative TER Measure will be contingent on meeting certain performance levels (as described below).

The size of the Absolute TER Measure portion of the Quantitative Component shall be contingent upon the Company exceeding specified hurdle rates for Relative TER for a performance period that commenced on October 1, 2022 and ends on September 30, 2023 (the "**Performance Period**"), based on the percentile ranking of the Company's Adjusted TER for the Performance Period against the Adjusted TER for the Performance Period of an

identified performance peer group (the “**Performance Peer Group**”) of the following mortgage REITs that are set forth in the Company’s performance share unit (“**PSU**”) agreement for PSU awards granted in 2023:

Ticker Symbol	Name
MITT	AG Mortgage Investment Trust
AGNC	AGNC Investment Corp
NLY	Annaly Capital Management
ARR	ARMOUR Residential REIT, Inc.
CHMI	Cherry Hill Mortgage Investment Corporation
CIM	Chimera Investment Corporation
DX	Dynex Capital, Inc.
EFC	Ellington Financial Inc.
EARN	Ellington Residential Mortgage REIT
AJX	Great Ajax
IVR	Invesco Mortgage Capital Inc.
MFA	MFA Financial, Inc.
RITM	Rithm Capital 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 Performance Peer Group, and the definition of “Performance Peer Group” shall be adjusted to omit such company.

Further, notwithstanding anything contained herein to the contrary, in the event that a company in the Performance Peer Group experiences a change in corporate structure or some other event that could reasonably be expected to affect its Adjusted TER (including but not limited to a financial restatement or late filing), the Compensation Committee shall have sole discretion to take any action in good faith that it believes is necessary to mitigate the impact of such event and preserve the intended incentives of the Plan, which actions shall include but are not limited to one or more of the following: (i) removal of the company from the Performance Peer Group, (ii) measuring the Adjusted TER of the company as of immediately prior to the occurrence of such event (rather than the end of the Performance Period), (iii) deeming the Adjusted TER for the company to be \$0 (or some other amount deemed appropriate by the Compensation Committee), or (iv) any other adjustment that the Compensation Committee deems appropriate to reflect such event.

The size of the Relative TER Measure portion of the Quantitative Component of each Participant’s Bonus Award shall be based on the following threshold, target and maximum performance levels:

Relative TER Measure Hurdles (1)	Payout as a % of Target Bonus Upon Achievement of Relative TER Measure Hurdles (2)
Less than 25%	0%
25%	50%
50%	100%
75%	200%

-
- (1) At the discretion of the Compensation Committee, payout percentages may exceed the stated payout percentage for achievement of the applicable Relative TER Measure hurdle in excess of 75%.

For the Performance Period, if performance is between the threshold (25%) and target (50%) or between the target (50%) and maximum (75%), the performance level achieved is determined by applying linear interpolation to the performance interval. For the avoidance of doubt, the amount of each Bonus Award earned under the Relative TER Measure shall be zero if the Company's percentile ranking with respect to the Relative TER Measure is below 25%.

The actual amount earned by each Participant under the Relative TER Measure portion of the Quantitative Component is calculated by multiplying 37.5% by the product of the applicable payout percentage and the Participant's target amount under the Bonus Award.

Calculation of Adjusted TER

For purposes of calculating the Company's Adjusted TER, it is expected that adjusted book value per common share will be calculated by making the following adjustments to the Company's GAAP book value per common share: (i) exclude the Company's share of cumulative depreciation and lease intangible amortization expenses related to operating real estate, net held at the end of the period, (ii) exclude the adjustment of redeemable non-controlling interests to estimated redemption value, (iii) adjust the Company's liabilities that finance our investment portfolio to fair value and (iv) adjust other items as determined by the Compensation Committee in its sole discretion.

For purposes of calculating the Adjusted TER of the members of the Performance Peer Group for the Performance Period, it is expected that adjusted book value per common share for each member of the Performance Peer Group will be calculated as GAAP book value per common share, as adjusted for any items deemed appropriate in the sole discretion of the Compensation Committee, which may include adjustments similar to those described above with respect to the calculation of the Company's Adjusted TER. In most cases, subject to the discretion of the Compensation Committee, it is expected that the Company will measure the Company's Adjusted TER, calculated as described above, against the total economic return on GAAP book value for the Performance Peer Group.

b. **Qualitative Component.** The Plan also includes a qualitative component (the "**Qualitative Component**") which is separate and distinct from the Quantitative Component. 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.

The Qualitative Component for each Participant is based on a percentage of the Participant's target bonus and is set forth as follows:

Qualitative Component Hurdles	Payout as a % of Target Bonus Upon Achievement of Qualitative Component Hurdles (1)
Below Threshold	0%
Threshold	50%
Target	100%
Maximum	200%

-
- (1) For fiscal year 2023, if performance is between the threshold and target or between the target and maximum, the performance level achieved is determined by applying linear interpolation to the performance interval.

The actual amount earned by each Participant under the Qualitative Component is calculated by multiplying 25% by the product of the applicable payout percentage and the Participant's target amount under the Bonus Award.

VI. Form of Bonuses. Bonus Awards under the Plan are expected to be settled in cash. Notwithstanding the foregoing, the Bonus Awards may be settled in a combination of cash, shares of the Company's common stock that are subject to certain restrictions and a risk of forfeiture ("**Restricted Stock**") in the sole discretion of the Compensation Committee. 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 will be subject to a vesting period as determined by the Compensation Committee.

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.

APPENDIX

The target amount under the Bonus Award for each Participant is set forth below:

Name	Bonus Award Target Amount Expressed as a Multiple of Base Salary
Jason Serrano.....	2.5x
Nick Mah.....	2.5x
Kristine Nario- Eng.....	1.35x

SEPARATION AND CONSULTING AGREEMENT

This Separation and Consulting Agreement (this “**Agreement**”) is entered into between Nathan R. Reese (“**Reese**”) and Hypotheca Capital, LLC (the “**Company**”), as follows:

1. Resignation from Positions and Agreement to Assist in Transition of His Duties. Resignation from Positions and Agreement to Assist in Transition of His Duties. Effective immediately, Reese is resigning as Chief Operating Officer and Secretary of New York Mortgage Trust, Inc. (“NYMT”) and each of its direct and indirect subsidiaries, including the Company. Reese has agreed to remain at the Company through July 31, 2023 (the “**Termination Date**”), where he will serve as a Consultant assisting in the transition of his duties.
2. Release. Reese agrees to execute the Release (as defined below) on July 31, 2023, or as soon thereafter as possible, but no later than the close of business on August 10, 2023. Reese acknowledges that the Severance Benefit includes consideration which Reese would not be entitled to receive but for Reese’s execution and non-revocation of the Release. any dividends or other distribution with respect to the PSUs.
3. Continued Salary and Benefits through July 31, 2023. Whether or not Reese signs the Release which is attached hereto as Exhibit A and incorporated herein by reference for all purposes (the “**Release**”) or revokes the Release after signing it, the Company will continue to pay Reese’s annualized base salary and Reese will remain eligible for all employment benefits through the Termination Date on July 31, 2023. Additionally, in his final paycheck, Reese shall receive \$10,769.23 payment for seven (7) days of unused or accrued vacation, subject to a corresponding reduction in the event Reese uses any such unused or accrued vacation days prior to the Termination Date.
4. Severance Benefits. Provided that Reese executes the Release and returns a signed copy of each to the Company care of Jason Serrano at jserrano@NYMTrust.com so that it is received no earlier than the Termination Date and no later than the close of business on August 10, 2023, and does not revoke the Release at any time within seven (7) days after such execution, the Company agrees to provide Reese a cash payment equal to \$700,000.00 less applicable taxes and withholdings (the “**Severance Payment**”), which will be paid no later than August 31, 2023. The Company will also pay COBRA insurance premiums for Employee and Employee’s dependents, if Employee and Employee’s dependents were covered by Employee’s insurance policy prior to Employee’s termination, through December 31, 2023. In the event that Employee’s entitlement to COBRA coverage should cease before that time, the Company will have no obligation to continue payment of Employee’s COBRA premiums. If Employee remains eligible for COBRA after December 31, 2023, Employee will be responsible for making timely payments to continue that coverage.
5. Legal Proceedings. Reese represents that he has not filed any claim, notice or any other document describing or naming NYMT, the Company or any of their direct or indirect subsidiaries with any governmental agency.
6. Mutual Non-Disparagement. Reese will not, whether verbally, in writing or by electronic means, make or publish any negative or unfavorable statement of any kind about, nor otherwise criticize or disparage, NYMT, the Company or any their direct or indirect subsidiaries or any of their employees, its directors, services or operations, whether such statements are true or untrue. The Company will not, and will cause NYMT to not, whether verbally, in writing or by electronic means, make or publish any negative or unfavorable statement of any kind about, nor otherwise criticize or disparage Reese, Reese’s services, conduct or character, whether such statements are true or untrue. Nothing contained herein prohibits Reese or the Company from testifying truthfully under oath where compelled by law to do so.

7. Section 409A. Notwithstanding anything herein to the contrary: (i) Reese's termination of employment on the Termination Date is intended to constitute a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations and (ii) it is the intent of the Company and Reese that the amounts deliverable pursuant to Section 5 of this Agreement constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "**Section 409A**") and will be settled in a manner compliant with Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are compliant with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Reese on account of non-compliance with Section 409A.

8. Proprietary and Confidential Information. Reese agrees and acknowledges that, because of his employment with the Company, he has acquired information regarding the Company's trade secrets and/or proprietary and confidential information, including, but not limited to financial information, compensation information, pricing information, market strategies, ideas, and plans, related to the Company's past, present or anticipated business. Therefore, except as may be required by law, Reese acknowledges and agrees that he will not, at any time, disclose to others, permit to be disclosed, used, permit to be used, copy or permit to be copied, any trade secrets and/or proprietary and confidential information acquired during his employment with the Company. Nothing herein shall be construed as prohibiting Company from pursuing any other remedies available to it for any such breach or threatened breach, including the recovery of damages and attorney's fees. In the event that a court determines that Reese has breached this Section of the Agreement, the Company will be entitled to recover any attorney's fees in seeking enforcement of this Section.

9. Return of Documents and Property. Reese agrees that when he leaves the Company on July 31, 2023, he will return any laptops or equipment belonging to the Company and that he will not retain any documents, files or other materials (including any electronically-stored information) belonging to the Company or that contain Company's trade secrets and/or proprietary and confidential information.

10. Dispute Resolution. Any claim, controversy or dispute as to interpretation and/or enforcement of this Agreement and/or the Release shall be resolved by binding arbitration in accordance with the provisions of the Employment Agreement.

11. Savings Clause. Should any provision of this Agreement be declared to be determined by any court to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected thereby and said illegal or invalid part, term, or provision shall be deemed not to be a part of this Agreement.

12. Entirety of Agreement. This Agreement and the Release set forth the entire Agreement between the parties hereto, and fully supersede any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof.

13. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, their successors and permitted assigns; provided, however, that Reese may not assign nor transfer to any person or entity any of Reese's rights or benefits hereunder, and any such purported assignment shall be void. Reese warrants and represents to the Company that Reese has not conveyed nor assigned, nor attempted to convey nor assign, any interest in or to any of the claims being released herein to any other person or entity.

14. No Admission. This Agreement is entered into to compromise and settle disputed claims and legal issues, and neither the execution of this Agreement, nor the payment or furnishing of the Severance Benefit shall constitute or be deemed to be an admission of liability on the part of any of the Releasees all of which is expressly denied.

15. Governing Law. This Agreement is made and entered into in the State of New York and shall in all respects be interpreted, enforced, and governed under the laws of the State of New York.

16. Effective Date. The Effective Date of this Agreement shall be the date on which it has been signed by both Reese and the Company.

SIGNED this 26th day of April, 2023.

HYPOTHECA CAPITAL, LLC

By: /s/ Jason Serrano
Name: Jason Serrano
Title: CHIEF EXECUTIVE OFFICER

SIGNED this 26th day of April, 2023.

/s/ Nathan R. Reese
Nathan R. Reese

EXHIBIT A

RELEASE AGREEMENT

This Release Agreement is entered into by Nathan R. Reese ("Employee") and is that certain Release referenced in the Separation and Consulting Agreement ("Separation Agreement") entered into between Employee and Hypotheca Capital, LLC (the "Company"). Capitalized terms used but not defined herein have the meanings given to them in the Separation Agreement.

1. Employee acknowledges and agrees that as of August 1, 2023, Employee was no longer employed by, or in any other service relationship with, any Released Party (as defined below).

2. For and in consideration of the Severance Benefits described in the Separation Agreement, Employee does hereby forever, fully and finally release, acquit, and discharge the Company, NYMT and their affiliated entities, along with each of the foregoing entities' respective past, present and future members, trustees, officers, directors, managers, fiduciaries, agents, insurers, and benefits plans (and the fiduciaries of such plans), in their personal and representative capacities (collectively, the "***Released Parties***"), from liability for, and does hereby covenant and agree never to institute or cause to be instituted any suit or other form of action or proceeding of any kind or nature whatsoever against any of the Released Parties based upon, claims, demands, losses, indebtedness, agreements, promises, causes of action, obligations, damages and liabilities of any nature whatsoever, in law or in equity, whether or not known, suspected or claimed, that Employee has ever had, has claimed to have, now has, or could have against any Released Party by reason of any act, event, omission, occurrence, or thing existing or occurring on or before the date that Employee signs this Release Agreement (the "***Signing Date***"), including, without limitation, any and all claims, demands, losses, indebtedness, agreements, promises, causes of action, obligations, damages and liabilities relating to Employee's employment with the Company, including, without limitation: (i) any alleged violation of the Age Discrimination in Employment Act of 1967, as amended, and any other federal, state or local labor or employment law, including those relating to anti-discrimination and anti-retaliation, or any other local, state or federal law, regulation or ordinance; (ii) any public policy, contract, tort, or common law claim; (iii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in, or with respect to, any Released Claims (as defined below); (iv) any and all rights, benefits or claims Employee may have under any incentive compensation plan or agreement, and (v) any claim for compensation or benefits of any kind through the Signing Date (collectively, the "***Released Claims***").

3. The foregoing release does not release or impair (i) any rights to vested benefits under an employee benefits plan of any Released Party that is subject to the Employee Retirement Income Security Act of 1974, as amended, or (ii) any claims first arising after the Signing Date. Nothing in this Release Agreement prevents Employee from filing any non-legally waivable claim (including a challenge to the validity of this Release Agreement) with the Equal Employment Opportunity Commission ("***EEOC***") or other federal, state or local agency or participating in any investigation or proceeding conducted by the EEOC or other federal, state or local agency; however, Employee understands and agrees that, to the extent permitted by law, Employee is waiving any and all rights to recover any monetary or personal relief or recovery as a result of such EEOC or comparable state or local agency proceeding or subsequent legal actions. Nothing herein limits Employee's right to receive an award for information provided to any governmental agency.

4. Employee expressly acknowledges and agrees that Employee has received all leaves (paid and unpaid) to which Employee has been entitled during the period of Employee's employment or service relationship with the Company and any other Released Party prior to the Signing Date, and Employee has received all wages, been afforded all rights, and been paid all bonuses, compensation and other sums that Employee is owed or has been owed by the Company and the other Released Parties prior to the Signing Date.

5. Employee agrees not to bring or join any lawsuit against any of the Released Parties in any court relating to any of the Released Claims. Employee hereby represents and warrants that Employee has not filed any claims, complaints, charges or lawsuits against any of the Released Parties with any governmental agency or with any state or federal court or arbitrator for, or with respect to, a matter, claim, or incident that occurred or arose out of one or more occurrences that took place on or prior to the date that Employee signs this Release.

6. By executing and delivering this Release, Employee hereby expressly acknowledges that:

- (a) Employee has carefully read this Release;
- (b) Employee has had sufficient time (and at least 21 days) to consider this Release before the execution and delivery hereof to the Company;
- (c) Employee is hereby advised in writing to discuss this Release with an attorney of Employee's choice and Employee has had adequate opportunity to do so prior to executing this Release;
- (d) Employee fully understands the final and binding effect of this Release; the only promises made to Employee to sign this Release are those stated in the Separation Agreement and herein; and Employee is signing this Release knowingly, voluntarily and of Employee's own free will, and Employee understands and agrees to each of the terms of this Release; and
- (e) Employee's entry into this Release Agreement is a condition to Employee's receipt of the Severance Benefits, and that, in the absence of timely executing and returning this Release Agreement, Employee would not be entitled to receive the Severance Benefits.

7. Notwithstanding the initial effectiveness of this Release Agreement, Employee may revoke the delivery (and therefore the effectiveness) of this Release Agreement within the seven-day period beginning on the date Employee executes this Release Agreement (such seven-day period being referred to herein as the "**Release Revocation Period**"). To be effective, such revocation must be in writing signed by Employee and must be received by the Company, care of Jason Serrano at jserrano@NYMTrust.com so that it is received no later than 11:59 p.m. New York City time, on the last day of the Release Revocation Period. If an effective revocation is delivered in the foregoing manner and timeframe, then no Severance Benefits (or portion thereof) shall be provided to Employee and the release of claims set forth in this Release Agreement shall be of no force or effect.

8. The provisions of the Separation Agreement are intended to be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (together with the regulations promulgated thereunder, "**Section 409A**"), and the Separation Agreement and this Release Agreement shall be construed and interpreted in a manner consistent with such intent. Any Severance Benefits to which Employee is entitled under the Separation Agreement shall be considered a separate and distinct payment for purposes of Section 409A. Notwithstanding the foregoing, none of the Released Parties make any representations that the Severance Benefits or are exempt from Section 409A, and Employee acknowledges and agrees that in no event shall any Released Party be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

9. This Release Agreement and the releases and covenants contained herein shall be binding upon Employee, Employee's heirs, executors, administrators, assigns, agents, and anyone purporting to claim through or on behalf of Employee. This Release Agreement and the releases and covenants contained herein shall inure to the benefits of all Released Parties and each of their respective predecessors, successors, and assigns

In signing below, Employee expressly acknowledges that Employee is entering into this Release Agreement knowingly and voluntarily as of the date printed below.

EMPLOYEE

Nathan R. Reese

Date

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jason T. Serrano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 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: May 5, 2023

/s/ Jason T. Serrano

Jason T. Serrano

Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kristine R. Nario-Eng, certify that:

1. I have reviewed this quarterly Report on Form 10-Q for the quarter ended March 31, 2023 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: May 5, 2023

/s/ Kristine R. Nario-Eng

Kristine R. Nario-Eng
Chief Financial Officer
(Principal Financial and Accounting Officer)

**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 Quarterly Report of New York Mortgage Trust, Inc., (the “Company”) on Form 10-Q for the quarter ended March 31, 2023, 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: May 5, 2023

/s/ Jason T. Serrano

Jason T. Serrano
Chief Executive Officer
(Principal Executive Officer)

Date: May 5, 2023

/s/ Kristine R. Nario-Eng

Kristine R. Nario-Eng
Chief Financial Officer
(Principal Financial and Accounting Officer)