

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, 2025

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
9.125% Senior Notes due 2029	NYMTI	NASDAQ Stock Market
9.125% Senior Notes due 2030	NYMTG	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 ☐

[Table of Contents](#)

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 25, 2025 was 90,298,221.

NEW YORK MORTGAGE TRUST, INC.

FORM 10-Q

PART I. Financial Information	
Item 1. Condensed Consolidated Financial Statements	
Condensed Consolidated Balance Sheets as of March 31, 2025 (Unaudited) and December 31, 2024	4
Unaudited Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2025 and 2024	5
Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three Months Ended March 31, 2025 and 2024	6
Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended March 31, 2025 and 2024	7
Unaudited Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2025 and 2024	8
Unaudited Notes to the Condensed Consolidated Financial Statements	10
Note 1. Organization	10
Note 2. Summary of Significant Accounting Policies	11
Note 3. Residential Loans, at Fair Value	14
Note 4. Investment Securities Available For Sale, at Fair Value	16
Note 5. Multi-family Loans, at Fair Value	18
Note 6. Equity Investments, at Fair Value	19
Note 7. Use of Special Purpose Entities (SPE) and Variable Interest Entities (VIE)	21
Note 8. Real Estate, Net	28
Note 9. Assets and Liabilities of Disposal Group Held for Sale	30
Note 10. Derivative Instruments	32
Note 11. Mortgage Servicing Rights	38
Note 12. Other Assets and Other Liabilities	39
Note 13. Repurchase Agreements	40
Note 14. Collateralized Debt Obligations	43
Note 15. Debt	45
Note 16. Commitments and Contingencies	49
Note 17. Fair Value of Financial Instruments	50
Note 18. Stockholders' Equity	60
Note 19. Earnings (Loss) Per Common Share	64
Note 20. Stock Based Compensation	65
Note 21. Income Taxes	69
Note 22. Net Interest Income	71
Note 23. Other Income (Loss)	72
Note 24. Segment Reporting	73
Note 25. Subsequent Events	74
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	75
Item 3. Quantitative and Qualitative Disclosures about Market Risk	132
Item 4. Controls and Procedures	138
PART II. OTHER INFORMATION	
Item 1A. Risk Factors	139
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	140
Item 6. Exhibits	141
SIGNATURES	144

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, 2025	December 31, 2024
	(unaudited)	
ASSETS		
Residential loans, at fair value	\$ 3,913,268	\$ 3,841,738
Investment securities available for sale, at fair value	4,646,812	3,828,544
Multi-family loans, at fair value	87,222	86,192
Equity investments, at fair value	93,999	113,492
Cash and cash equivalents	177,072	167,422
Real estate, net	617,305	623,407
Assets of disposal group held for sale	113,406	118,613
Other assets	354,971	437,874
Total Assets ⁽¹⁾	\$ 10,004,055	\$ 9,217,282
LIABILITIES AND EQUITY		
Liabilities:		
Repurchase agreements	\$ 4,485,716	\$ 4,012,225
Collateralized debt obligations (\$2,429,141 at fair value and \$757,673 at amortized cost, net as of March 31, 2025 and \$2,135,680 at fair value and \$842,764 at amortized cost, net as of December 31, 2024)	3,186,814	2,978,444
Senior unsecured notes (\$139,761 at fair value and \$99,087 at amortized cost, net as of March 31, 2025 and \$60,310 at fair value and \$98,886 at amortized cost, net as of December 31, 2024)	238,848	159,196
Subordinated debentures	45,000	45,000
Mortgages payable on real estate, net	365,455	366,606
Liabilities of disposal group held for sale	91,153	97,065
Other liabilities	172,757	147,612
Total liabilities ⁽¹⁾	8,585,743	7,806,148
Commitments and Contingencies (See Note 16)		
Redeemable Non-Controlling Interest in Consolidated Variable Interest Entities	13,382	12,359
Stockholders' Equity:		
Preferred stock, par value \$0.01 per share, 31,500,000 shares authorized, 22,164,414 shares issued and outstanding (\$554,110 aggregate liquidation preference)	535,445	535,445
Common stock, par value \$0.01 per share, 200,000,000 shares authorized, 90,529,421 and 90,574,996 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	905	906
Additional paid-in capital	2,284,569	2,289,044
Accumulated other comprehensive loss	—	—
Accumulated deficit	(1,418,973)	(1,430,675)
Company's stockholders' equity	1,401,946	1,394,720
Non-controlling interests	2,984	4,055
Total equity	1,404,930	1,398,775
Total Liabilities and Equity	\$ 10,004,055	\$ 9,217,282

⁽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, 2025 and December 31, 2024, assets of consolidated VIEs totaled \$4,222,979 and \$3,988,584, respectively, and the liabilities of consolidated VIEs totaled \$3,679,092 and \$3,477,211, 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,	
	2025	2024
NET INTEREST INCOME:		
Interest income	\$ 129,734	\$ 83,892
Interest expense	96,636	66,029
Total net interest income	33,098	17,863
NET LOSS FROM REAL ESTATE:		
Rental income	17,534	33,153
Other real estate income	3,121	4,923
Total income from real estate	20,655	38,076
Interest expense, mortgages payable on real estate	6,007	20,769
Depreciation and amortization	5,895	12,576
Other real estate expenses	10,988	21,100
Total expenses related to real estate	22,890	54,445
Total net loss from real estate	(2,235)	(16,369)
OTHER INCOME (LOSS):		
Realized losses, net	(41,100)	(10,533)
Unrealized gains (losses), net	118,203	(39,390)
(Losses) gains on derivative instruments, net	(46,802)	49,211
Income (loss) from equity investments	3,589	(2,136)
Impairment of real estate	(3,905)	(36,247)
Loss on reclassification of disposal group	—	(14,636)
Other income (loss)	1,967	(3,592)
Total other income (loss)	31,952	(57,323)
GENERAL, ADMINISTRATIVE AND OPERATING EXPENSES:		
General and administrative expenses	12,414	13,054
Portfolio operating expenses	7,206	7,742
Debt issuance costs	5,482	3,545
Total general, administrative and operating expenses	25,102	24,341
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES	37,713	(80,170)
Income tax expense (benefit)	648	(111)
NET INCOME (LOSS)	37,065	(80,059)
Net loss attributable to non-controlling interests	5,090	22,158
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY	42,155	(57,901)
Preferred stock dividends	(11,870)	(10,439)
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 30,285	\$ (68,340)
Basic earnings (loss) per common share	\$ 0.33	\$ (0.75)
Diluted earnings (loss) per common share	\$ 0.33	\$ (0.75)
Weighted average shares outstanding-basic	90,583	91,117
Weighted average shares outstanding-diluted	91,091	91,117

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,	
	2025	2024
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	<u>\$ 30,285</u>	<u>\$ (68,340)</u>
OTHER COMPREHENSIVE INCOME		
Reclassification adjustment for net loss included in net loss	<u>—</u>	<u>4</u>
TOTAL OTHER COMPREHENSIVE INCOME	<u>—</u>	<u>4</u>
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	<u><u>\$ 30,285</u></u>	<u><u>\$ (68,336)</u></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 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 Loss	Total Company's Stockholders' Equity	Non- Controlling Interest in Consolidated VIEs	Total
Balance, December 31, 2024	\$ 906	\$ 535,445	\$ 2,289,044	\$ (1,430,675)	\$ —	\$ 1,394,720	\$ 4,055	\$ 1,398,775
Net income (loss) (\$(3,627) allocated to redeemable non-controlling interest)	—	—	—	42,155	—	42,155	(1,463)	40,692
Stock based compensation (benefit) expense, net	(1)	—	862	—	—	861	—	861
Dividends declared on common stock	—	—	—	(18,106)	—	(18,106)	—	(18,106)
Dividends declared on preferred stock	—	—	—	(11,870)	—	(11,870)	—	(11,870)
Dividends attributable to dividend equivalents	—	—	—	(477)	—	(477)	—	(477)
Contributions of non-controlling interest in Consolidated VIEs	—	—	—	—	—	—	595	595
Decrease in non-controlling interest related to distributions from Consolidated VIEs	—	—	—	—	—	—	(203)	(203)
Adjustment of redeemable non-controlling interest to estimated redemption value	—	—	(5,337)	—	—	(5,337)	—	(5,337)
Balance, March 31, 2025	<u>\$ 905</u>	<u>\$ 535,445</u>	<u>\$ 2,284,569</u>	<u>\$ (1,418,973)</u>	<u>\$ —</u>	<u>\$ 1,401,946</u>	<u>\$ 2,984</u>	<u>\$ 1,404,930</u>
Balance, December 31, 2023	\$ 907	\$ 535,445	\$ 2,297,081	\$ (1,253,817)	\$ (4)	\$ 1,579,612	\$ 20,453	\$ 1,600,065
Net loss (\$(14,400) allocated to redeemable non-controlling interest)	—	—	—	(57,901)	—	(57,901)	(7,758)	(65,659)
Stock based compensation expense (benefit), net	5	—	(1,201)	—	—	(1,196)	—	(1,196)
Dividends declared on common stock	—	—	—	(18,246)	—	(18,246)	—	(18,246)
Dividends declared on preferred stock	—	—	—	(10,439)	—	(10,439)	—	(10,439)
Dividends attributable to dividend equivalents	—	—	—	(150)	—	(150)	—	(150)
Reclassification adjustment for net loss included in net loss	—	—	—	—	4	4	—	4
Increase in non-controlling interest related to de-consolidation of VIEs	—	—	—	—	—	—	1,598	1,598
Contributions of non-controlling interest in Consolidated VIEs	—	—	—	—	—	—	436	436
Decrease in non-controlling interest related to distributions from Consolidated VIEs	—	—	—	—	—	—	(779)	(779)
Adjustment of redeemable non-controlling interest to estimated redemption value	—	—	(6,428)	—	—	(6,428)	—	(6,428)
Balance, March 31, 2024	<u>\$ 912</u>	<u>\$ 535,445</u>	<u>\$ 2,289,452</u>	<u>\$ (1,340,553)</u>	<u>\$ —</u>	<u>\$ 1,485,256</u>	<u>\$ 13,950</u>	<u>\$ 1,499,206</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,	
	2025	2024
Cash Flows from Operating Activities:		
Net income (loss)	\$ 37,065	\$ (80,059)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Net amortization	4,750	2,311
Depreciation and amortization expense related to operating real estate	5,895	12,576
Realized losses, net	41,100	10,533
Unrealized (gains) losses, net	(118,203)	39,390
Losses (gains) on derivative instruments, net	46,802	(49,211)
Loss (gain) on sale of real estate	45	(134)
Gain on de-consolidation of joint venture equity investments in Consolidated VIEs	—	(50)
Impairment of real estate	3,905	36,247
Loss on reclassification of disposal group	—	14,636
Loss on extinguishment of collateralized debt obligations and mortgages payable on real estate	—	692
Income from preferred equity, mezzanine loan and equity investments	(6,169)	(604)
Distributions of income from preferred equity, mezzanine loan and equity investments	8,143	3,886
Stock based compensation expense (benefit), net	861	(1,196)
Cash reclassified from assets of disposal group held for sale	642	3,061
Changes in operating assets and liabilities	983	(5,208)
Net cash provided by (used in) operating activities	25,819	(13,130)
Cash Flows from Investing Activities:		
Proceeds from sales of investment securities	663,336	—
Principal paydowns received on investment securities	80,193	35,842
Purchases of investment securities	(1,466,298)	(297,553)
Principal repayments received on residential loans	343,690	230,260
Proceeds from sales of residential loans	8,352	28,912
Purchases of residential loans	(398,774)	(303,694)
Return of capital from equity investments	16,900	5,000
Funding of preferred equity, mezzanine loan and equity investments	(166)	(172)
Net variation margin (paid) received for derivative instruments	(71,382)	34,441
Net payments received from derivative instruments	23,517	15,306
Net proceeds from sale of real estate	8,647	4,772
Proceeds from sales of joint venture equity investments in Consolidated VIEs	—	50
Decrease in cash from de-consolidation of Consolidated VIEs	—	(1,150)
Capital expenditures on real estate	(2,234)	(5,988)
Purchases of other assets	(6)	(10)
Net cash used in investing activities	(794,225)	(253,984)
Cash Flows from Financing Activities:		
Net proceeds received from repurchase agreements	472,930	39,711
Proceeds from issuance of senior unsecured notes	82,500	—
Proceeds from issuance of collateralized debt obligations	328,561	500,543
Dividends paid on common stock and dividend equivalents	(18,460)	(20,465)
Dividends paid on preferred stock	(10,420)	(10,420)
Net distributions to non-controlling interests in Consolidated VIEs	(296)	(304)
Payments made on and extinguishment of collateralized debt obligations	(120,814)	(170,085)
Payments made on Consolidated SLST CDOs	(14,955)	(12,506)
Net (payments made on) proceeds received from mortgages payable on real estate	(5,263)	729
Net cash provided by financing activities	713,783	327,203
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(54,623)	60,089
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	329,024	330,642
Cash, Cash Equivalents and Restricted Cash - End of Period	\$ 274,401	\$ 390,731

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	\$	99,802	\$	75,001
Cash paid (refunds received) for income taxes	\$	6	\$	(145)

Non-Cash Investment Activities:

Purchase of investment securities not yet settled	\$	38,402	\$	—
De-consolidation of real estate held in Consolidated VIEs	\$	—	\$	193,168
De-consolidation of mortgages payable on real estate held in Consolidated VIEs	\$	—	\$	194,256
Transfer from residential loans to real estate owned	\$	23,165	\$	17,948
Transfer from residential loans to real estate, net	\$	—	\$	2,640

Non-Cash Financing Activities:

Dividends declared on common stock and dividend equivalents to be paid in subsequent period	\$	19,967	\$	19,647
Dividends declared on preferred stock to be paid in subsequent period	\$	11,885	\$	10,454

Cash, Cash Equivalents and Restricted Cash Reconciliation:

Cash and cash equivalents	\$	177,072	\$	226,939
Restricted cash included in other assets		97,329		163,792
Total cash, cash equivalents, and restricted cash	\$	274,401	\$	390,731

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, 2025

(unaudited)

1. Organization

New York Mortgage Trust, Inc., together with its consolidated subsidiaries (“NYMT,” “we,” “our,” or the “Company”), is an internally-managed real estate investment trust (“REIT”) in the business of acquiring, investing in, financing and managing primarily mortgage-related residential assets. Our principal objective is to generate long-term stable earnings for distribution to our stockholders over changing economic conditions with a diversified investment portfolio. Our current investment portfolio includes credit sensitive single-family and multi-family assets, as well as other types of fixed-income investments such as Agency RMBS.

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;

“ARMs” refers to adjustable-rate residential loans;

“Agency ARMs” refers to Agency RMBS comprised of adjustable-rate and hybrid adjustable-rate RMBS;

“Agency fixed-rate RMBS” refers to Agency RMBS comprised of fixed-rate RMBS;

“ABS” refers to debt and/or equity tranches of securitizations backed by various asset classes including, but not limited to, automobiles, aircraft, credit cards, equipment, franchises, recreational vehicles and student loans;

“CMBS” refers to commercial mortgage-backed securities comprised of commercial mortgage pass-through securities 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, the Company’s residential loans held in securitization trusts and a non-Agency RMBS re-securitization 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 Real Estate VIEs” refers to Consolidated VIEs that own multi-family properties;

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

“Consolidated VIEs” refers to VIEs where the Company is the primary beneficiary, as it has both the power to direct the activities that most significantly impact the economic performance of the VIE and a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE and that we consolidate in our financial statements in accordance with GAAP;

“MSRs” refers to mortgage servicing rights that represent the contractual right to service residential loans;

“SOFR” refers to Secured Overnight Funding Rate; 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.

Basis of Presentation – The accompanying condensed consolidated balance sheet as of December 31, 2024 has been derived from audited financial statements. The accompanying condensed consolidated balance sheet as of March 31, 2025, the accompanying condensed consolidated statements of operations for the three months ended March 31, 2025 and 2024, the accompanying condensed consolidated statements of comprehensive income (loss) for the three months ended March 31, 2025 and 2024, the accompanying condensed consolidated statements of changes in stockholders' equity for the three months ended March 31, 2025 and 2024 and the accompanying condensed consolidated statements of cash flows for the three months ended March 31, 2025 and 2024 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, 2024, 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, 2024. 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, 2025. The results of operations for the three months ended March 31, 2025 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 financial instruments reported at fair value, real estate held by Consolidated VIEs and redemption value of redeemable non-controlling interests in Consolidated VIEs. 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.

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 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. 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.

Summary of Recent Accounting Pronouncements

In November 2024, the FASB issued Accounting Standards Update ("ASU") 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures* ("ASU 2024-03"). ASU 2024-03 requires a public business entity to disclose specific information about certain costs and expenses in the notes to financial statements. The effective date for ASU 2024-03, as amended by ASU 2025-01, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures: Clarifying the Effective Date*, is for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The Company expects that the adoption of ASU 2024-03 will result in additional disclosures in its notes to consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 requires enhanced disclosures in connection with an entity's effective tax rate reconciliation and additional disclosures about income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company expects that the adoption of ASU 2023-09 will result in additional income tax disclosures in its notes to consolidated financial statements.

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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025				December 31, 2024			
	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	\$ 462,225	\$ 1,093,200	\$ 2,597,548	\$ 4,152,973	\$ 652,642	\$ 1,111,633	\$ 2,365,060	\$ 4,129,335
Discount	(3,186)	(25,187)	(41,740)	(70,113)	(1,750)	(24,303)	(48,702)	(74,755)
Unrealized losses	(13,477)	(108,763)	(47,352)	(169,592)	(18,626)	(121,658)	(72,558)	(212,842)
Carrying value	<u>\$ 445,562</u>	<u>\$ 959,250</u>	<u>\$ 2,508,456</u>	<u>\$ 3,913,268</u>	<u>\$ 632,266</u>	<u>\$ 965,672</u>	<u>\$ 2,243,800</u>	<u>\$ 3,841,738</u>

(1) Certain of the Company's residential loans, at fair value are pledged as collateral for repurchase agreements as of March 31, 2025 and December 31, 2024 (see Note 13).

(2) The Company invests in first loss subordinated securities and certain IOs issued by Freddie Mac-sponsored residential loan securitizations. In accordance with GAAP, the Company has consolidated the underlying seasoned re-performing and non-performing residential loans held in the securitizations 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 14).

(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 14).

The following table presents the unrealized gains (losses), net attributable to residential loans, at fair value for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	For the Three Months Ended					
	March 31, 2025			March 31, 2024		
	Residential loans	Consolidated SLST ⁽¹⁾	Residential loans held in securitization trusts	Residential loans	Consolidated SLST ⁽¹⁾	Residential loans held in securitization trusts
Unrealized gains (losses), net	\$ 6,168	\$ 12,895	\$ 24,188	\$ 283	\$ 506	\$ (3,251)

(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 17). 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 \$0.4 million of net realized losses and \$0.1 million of net realized gains on the payoff of residential loans, at fair value during the three months ended March 31, 2025 and 2024, respectively. The Company also recognized \$0.1 million of net realized gains and \$3.0 million of net realized losses on the sale of residential loans, at fair value during the three months ended March 31, 2025 and 2024, respectively.

The geographic concentrations of credit risk exceeding 5% of the unpaid principal balance of residential loans, at fair value as of March 31, 2025 and December 31, 2024, respectively, are as follows:

	March 31, 2025			December 31, 2024		
	Residential loans	Consolidated SLST	Residential loans held in securitization trusts	Residential loans	Consolidated SLST	Residential loans held in securitization trusts
California	26.5 %	11.8 %	17.4 %	23.0 %	11.7 %	20.2 %
Florida	13.2 %	9.1 %	12.0 %	10.4 %	9.1 %	12.2 %
New York	8.4 %	10.8 %	6.7 %	6.6 %	10.8 %	6.6 %
New Jersey	7.8 %	6.7 %	5.7 %	8.0 %	6.8 %	5.2 %
Texas	6.5 %	4.4 %	7.5 %	6.2 %	4.4 %	7.9 %
Illinois	2.0 %	6.3 %	3.1 %	2.2 %	6.3 %	3.1 %

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, 2025 and December 31, 2024, 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, 2025	\$ 171,193	\$ 192,510	\$ 9,114	\$ 9,491
December 31, 2024	159,558	183,067	8,098	8,749

Formal foreclosure proceedings were in process with respect to residential loans with an aggregate fair value of \$127.8 million and an aggregate unpaid principal balance of \$144.3 million as of March 31, 2025.

Residential loans held in Consolidated SLST with an aggregate unpaid principal balance of \$117.9 million and \$117.1 million were 90 days or more delinquent as of March 31, 2025 and December 31, 2024, respectively. In addition, formal foreclosure proceedings were in process with respect to residential loans held in Consolidated SLST with an aggregate unpaid principal balance of \$44.0 million as of March 31, 2025.

4. Investment Securities Available For Sale, at Fair Value

The Company accounts for its investment securities available for sale using the fair value election pursuant to ASC 825, *Financial Instruments*, where changes in fair value are recorded in unrealized gains (losses), net on the Company's condensed consolidated statements of operations. The Company's investment securities available for sale consisted of the following as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025				December 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Agency RMBS								
Fixed rate								
Fannie Mae	\$ 2,252,190	\$ 24,074	\$ (2,451)	\$ 2,273,813	\$ 1,483,619	\$ 7,819	\$ (7,991)	\$ 1,483,447
Freddie Mac	2,072,966	17,304	(3,629)	2,086,641	1,465,419	3,914	(13,720)	1,455,613
Total Fixed rate	4,325,156	41,378	(6,080)	4,360,454	2,949,038	11,733	(21,711)	2,939,060
Adjustable rate								
Fannie Mae	94,785	1,776	—	96,561	97,267	265	(631)	96,901
Freddie Mac	31,423	470	—	31,893	32,852	20	(191)	32,681
Total Adjustable rate	126,208	2,246	—	128,454	130,119	285	(822)	129,582
Interest-only								
Ginnie Mae	76,246	2,484	(13,154)	65,576	78,627	843	(16,092)	63,378
Freddie Mac	5,006	—	(770)	4,236	5,251	—	(459)	4,792
Total Interest-only	81,252	2,484	(13,924)	69,812	83,878	843	(16,551)	68,170
Total Agency RMBS	4,532,616	46,108	(20,004)	4,558,720	3,163,035	12,861	(39,084)	3,136,812
Non-Agency RMBS	60,703	5,611	(2,527)	63,787	66,203	6,098	(2,614)	69,687
U.S. Treasury securities	25,342	—	(1,037)	24,305	657,659	—	(35,614)	622,045
Total	\$ 4,618,661	\$ 51,719	\$ (23,568)	\$ 4,646,812	\$ 3,886,897	\$ 18,959	\$ (77,312)	\$ 3,828,544

Accrued interest receivable for investment securities available for sale in the amount of \$21.8 million and \$22.4 million as of March 31, 2025 and December 31, 2024, respectively, is included in other assets on the Company's condensed consolidated balance sheets.

For the three months ended March 31, 2025 and 2024, the Company recognized \$86.5 million in net unrealized gains and \$33.2 million in net unrealized losses on investment securities available for sale, respectively.

The Company's investment securities available for sale pledged as collateral against interest rate swap agreements and repurchase agreements are included in investment securities available for sale on the accompanying condensed consolidated balance sheets with the fair value of securities pledged disclosed in *Notes 10 and 13*, respectively.

Realized Gain and Loss Activity

The following table summarizes our investment securities sold during the three months ended March 31, 2025 (dollar amounts in thousands):

	Three Months Ended March 31, 2025			
	Sales Proceeds	Realized Gains	Realized Losses	Net Realized Gains (Losses)
U.S. Treasury securities	\$ 658,763	\$ 3,700	\$ (30,570)	\$ (26,870)
Non-Agency RMBS	4,573	52	—	52
Total	\$ 663,336	\$ 3,752	\$ (30,570)	\$ (26,818)

The Company did not sell investment securities during the three months ended March 31, 2024.

The Company recognized write-downs of non-Agency RMBS for a loss of \$0.4 million for the three months ended March 31, 2024.

Weighted Average Life

Actual maturities of our investment securities available for sale are generally shorter than stated contractual maturities (with contractual maturities up to 39 years), as they are affected by periodic payments and prepayments of principal on the underlying mortgages. As of March 31, 2025 and December 31, 2024, based on management's estimates, the weighted average life of the Company's investment securities available for sale portfolio was approximately 6.1 years and 7.4 years, respectively.

The following table sets forth the weighted average lives of our investment securities available for sale as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Weighted Average Life	March 31, 2025	December 31, 2024
0 to 5 years	\$ 1,364,616	\$ 604,459
Over 5 to 10 years	3,278,361	2,923,871
10+ years	3,835	300,214
Total	\$ 4,646,812	\$ 3,828,544

5. 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Investment amount	\$ 91,096	\$ 90,485
Unrealized losses, net	(3,874)	(4,293)
Total, at Fair Value	<u>\$ 87,222</u>	<u>\$ 86,192</u>

For the three months ended March 31, 2025 and 2024, the Company recognized \$0.4 million in net unrealized gains and \$4.8 million in net unrealized losses on multi-family loans, respectively.

The table below presents the fair value and aggregate unpaid principal balance of the Company's multi-family loan in non-accrual status as of March 31, 2025 and December 31, 2024 (dollar amounts in thousands):

Days Late	Fair Value ⁽¹⁾	Unpaid Principal Balance
90 +	\$ —	\$ 3,363

⁽¹⁾ The Company has reduced the fair value of the multi-family loan to zero as a result of developments with respect to the property, its financing and market conditions.

The geographic concentrations of credit risk exceeding 5% of the total multi-family loan investment amounts as of March 31, 2025 and December 31, 2024, respectively, are as follows:

	March 31, 2025	December 31, 2024
Texas	36.3 %	36.1 %
Tennessee	14.3 %	14.4 %
Florida	11.7 %	11.6 %
Arkansas	10.2 %	10.3 %
Louisiana	8.8 %	8.8 %
North Carolina	6.1 %	6.2 %
Indiana	5.5 %	5.6 %

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), an equity ownership interest in an entity that originates residential loans (or single-family equity ownership interest) 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Investment Name	March 31, 2025		December 31, 2024	
	Ownership Interest	Fair Value	Ownership Interest	Fair Value
Multi-Family Preferred Equity Ownership Interests				
Lucie at Tradition Holdings, LLC	70%	\$ 22,428	70%	\$ 21,821
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%	9,549	58%	9,322
Tides on 27th Investors, LLC	54%	10,428	54%	10,245
Rapid City RMI JV LLC	50%	10,846	50%	10,637
EHOFF-NYMT Sunset Apartments Preferred, LLC	—	—	57%	21,411
Total - Multi-Family Preferred Equity Ownership Interests		53,251		73,436
Joint Venture Equity Investments in Multi-Family Properties				
GWR Cedars Partners, LLC	70%	—	70%	141
GWR Gateway Partners, LLC	70%	1,111	70%	1,197
Total - Joint Venture Equity Investments in Multi-Family Properties		1,111		1,338
Single-Family Equity Ownership Interests				
Constructive Loans, LLC ⁽¹⁾	50%	39,637	50%	38,718
Total - Single-Family Equity Ownership Interests		39,637		38,718
Total		\$ 93,999		\$ 113,492

⁽¹⁾ The Company purchased \$150.7 million and \$40.8 million of residential loans from this entity during the three months ended March 31, 2025 and 2024, 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, 2025 and 2024, respectively (dollar amounts in thousands). Income from these investments is presented in income (loss) from equity investments in the Company's accompanying condensed consolidated statements of operations. Income from these investments during the three months ended March 31, 2025 and 2024 includes \$0.7 million and \$0.1 million of net unrealized gains, respectively.

Investment Name	For the Three Months Ended March 31,	
	2025	2024
Lucie at Tradition Holdings, LLC	\$ 850	\$ 757
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 JB&M Properties, LLC (collectively)	386	321
Tides on 27th Investors, LLC	312	641
Rapid City RMI JV LLC	399	431
EHOF-NYMT Sunset Apartments Preferred, LLC	950	679
Syracuse Apartments and Townhomes, LLC	—	705
Palms at Cape Coral, LLC	—	69
Total Income - Multi-Family Preferred Equity Ownership Interests	\$ 2,897	\$ 3,603

Income (loss) 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 (loss) 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, 2025 and 2024, respectively (dollar amounts in thousands):

Investment Name	For the Three Months Ended March 31,	
	2025	2024
Single-Family Equity Ownership Interests ⁽¹⁾		
Constructive Loans, LLC	\$ 919	\$ (1,689)
Total Income (Loss) - Single-Family Equity Ownership Interests	\$ 919	\$ (1,689)
Joint Venture Equity Investments in Multi-Family Properties ⁽²⁾		
GWR Cedars Partners, LLC	\$ (141)	\$ (1,620)
GWR Gateway Partners, LLC	(86)	(2,430)
Total Loss - Joint Venture Equity Investments in Multi-Family Properties	\$ (227)	\$ (4,050)

⁽¹⁾ Includes net unrealized losses of \$1.6 million and \$2.2 million for the three months ended March 31, 2025 and 2024, respectively.

⁽²⁾ Includes net unrealized losses of \$0.2 million and \$4.1 million for the three months ended March 31, 2025 and 2024, 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.

During the three months ended March 31, 2025, the Company completed two securitizations of certain residential loans for which the Company received net proceeds of approximately \$326.3 million after deducting expenses associated with the securitization transactions. The Company engaged in these transactions for the purpose of obtaining non-recourse, longer-term financing on a portion of its residential loan portfolio. The residential loans serving as collateral for the financings are comprised of performing, re-performing and non-performing and business purpose loans which are included in residential loans, at fair value on the accompanying condensed consolidated balance sheets.

During the three months ended March 31, 2025, the Company exercised its right to an optional redemption of one of its residential loan securitizations with an outstanding principal balance of \$54.4 million at the time of redemption and returned the assets held by the trust to the Company, recognizing no gain or loss on the extinguishment of the collateralized debt obligation.

During the year ended December 31, 2024, the Company completed a re-securitization of its investment in certain subordinated securities issued by Consolidated SLST (see below), which the Company refers to as a non-Agency RMBS re-securitization. The Company engaged in the re-securitization transaction primarily for the purpose of obtaining non-recourse, longer-term financing on a portion of its investment in Consolidated SLST.

As of March 31, 2025 and December 31, 2024, the Company evaluated its residential loan securitizations and its non-Agency RMBS re-securitization 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, 2025 and December 31, 2024, respectively.

Consolidated SLST

The Company invests in subordinated securities that represent the first loss position of the Freddie Mac-sponsored residential loan securitizations from which they were issued and certain IOs issued from the securitizations. The Company has evaluated its investments in these securitization trusts to determine whether they are VIEs and if so, whether the Company is the primary beneficiary requiring consolidation. The Company has determined that the Freddie Mac-sponsored residential loan securitization trusts, which we collectively refer to as Consolidated SLST, are VIEs and that the Company is the primary beneficiary of the VIEs within Consolidated SLST. Accordingly, the Company consolidates the assets, liabilities, income and expenses of such VIEs in the accompanying condensed consolidated financial statements (*see Notes 2, 3 and 14*). 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. Consolidated SLST is comprised of two securitization trusts as of March 31, 2025 and December 31, 2024.

As of March 31, 2025 and December 31, 2024, the Consolidated SLST securities owned by the Company had a fair value of \$148.1 million and \$148.5 million, respectively (*see Note 17*). The Company remains economically exposed to the subordinated positions in the portion of Consolidated SLST transferred to the non-Agency RMBS re-securitization and continues to consolidate Consolidated SLST.

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.

During the three months ended March 31, 2024, the Company sold its joint venture equity investment in one multi-family property, which resulted in the de-consolidation of the joint venture entity's assets and liabilities (*see Note 9*).

The Company is also the primary beneficiary of a VIE that owns a multi-family apartment community and in which the Company holds a preferred equity investment. The Company determined that it has the power to direct the activities of the VIE and consolidates this VIE into its condensed consolidated financial statements.

The Company accounted for the initial consolidation of the Consolidated Real Estate VIEs 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.

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 securitizations, Consolidated SLST and Consolidated Real Estate VIEs as of March 31, 2025 (dollar amounts in thousands). Intercompany balances have been eliminated for purposes of this presentation.

	Financing VIEs	Other VIEs		Total
		Consolidated SLST	Consolidated Real Estate	
Cash and cash equivalents	\$ —	\$ —	\$ 3,929	\$ 3,929
Residential loans, at fair value	2,508,456	959,250	—	3,467,706
Real estate, net held in Consolidated VIEs ⁽¹⁾	—	—	477,189	477,189
Assets of disposal group held for sale ⁽²⁾	—	—	113,406	113,406
Other assets	144,394	3,932	12,423	160,749
Total assets	<u>\$ 2,652,850</u>	<u>\$ 963,182</u>	<u>\$ 606,947</u>	<u>\$ 4,222,979</u>
Collateralized debt obligations (\$2,429,141 at fair value and \$757,673 at amortized cost, net)	\$ 2,381,541	\$ 805,273	\$ —	\$ 3,186,814
Mortgages payable on real estate, net in Consolidated VIEs ⁽³⁾	—	—	365,455	365,455
Liabilities of disposal group held for sale ⁽²⁾	—	—	91,153	91,153
Other liabilities	21,158	8,543	5,969	35,670
Total liabilities	<u>\$ 2,402,699</u>	<u>\$ 813,816</u>	<u>\$ 462,577</u>	<u>\$ 3,679,092</u>
Redeemable non-controlling interest in Consolidated VIEs ⁽⁴⁾	\$ —	\$ —	\$ 13,382	\$ 13,382
Non-controlling interest in Consolidated VIEs ⁽⁵⁾	\$ —	\$ —	\$ 2,859	\$ 2,859
Net investment ⁽⁶⁾	<u>\$ 250,151</u>	<u>\$ 149,366</u>	<u>\$ 128,129</u>	<u>\$ 527,646</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 a summary of the assets, liabilities and non-controlling interests of the Company's securitizations, Consolidated SLST and Consolidated Real Estate VIEs as of December 31, 2024 (dollar amounts in thousands). Intercompany balances have been eliminated for purposes of this presentation.

	Financing VIEs	Other VIEs		Total
		Consolidated SLST	Consolidated Real Estate	
Cash and cash equivalents	\$ —	\$ —	\$ 4,151	\$ 4,151
Residential loans, at fair value	2,243,800	965,672	—	3,209,472
Real estate, net held in Consolidated VIEs ⁽¹⁾	—	—	481,161	481,161
Assets of disposal group held for sale ⁽²⁾	—	—	118,613	118,613
Other assets	154,426	4,065	16,696	175,187
Total assets	<u>\$ 2,398,226</u>	<u>\$ 969,737</u>	<u>\$ 620,621</u>	<u>\$ 3,988,584</u>
Collateralized debt obligations (\$2,135,680 at fair value and \$842,764 at amortized cost, net)	\$ 2,166,853	\$ 811,591	\$ —	\$ 2,978,444
Mortgages payable on real estate, net in Consolidated VIEs ⁽³⁾	—	—	366,606	366,606
Liabilities of disposal group held for sale ⁽²⁾	—	—	97,065	97,065
Other liabilities	16,162	8,313	10,621	35,096
Total liabilities	<u>\$ 2,183,015</u>	<u>\$ 819,904</u>	<u>\$ 474,292</u>	<u>\$ 3,477,211</u>
Redeemable non-controlling interest in Consolidated VIEs ⁽⁴⁾	\$ —	\$ —	\$ 12,359	\$ 12,359
Non-controlling interest in Consolidated VIEs ⁽⁵⁾	\$ —	\$ —	\$ 3,930	\$ 3,930
Net investment ⁽⁶⁾	<u>\$ 215,211</u>	<u>\$ 149,833</u>	<u>\$ 130,040</u>	<u>\$ 495,084</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, 2025 and 2024, 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.

	For the Three Months Ended March 31,					
	2025			2024		
	Consolidated SLST	Consolidated Real Estate	Total	Consolidated SLST	Consolidated Real Estate	Total
Interest income	\$ 10,740	\$ —	\$ 10,740	\$ 8,127	\$ —	\$ 8,127
Interest expense	6,964	—	6,964	5,801	—	5,801
Total net interest income	3,776	—	3,776	2,326	—	2,326
Income from real estate	—	18,486	18,486	—	35,093	35,093
Expenses related to real estate	—	20,027	20,027	—	51,761	51,761
Total net loss from real estate	—	(1,541)	(1,541)	—	(16,668)	(16,668)
Unrealized gains (losses), net	3,264	—	3,264	(36)	—	(36)
(Losses) gains on derivative instruments, net	—	(15)	(15)	—	2,518	2,518
Impairment of real estate	—	(3,565)	(3,565)	—	(32,214)	(32,214)
Loss on reclassification of disposal group	—	—	—	—	(14,636)	(14,636)
Other income	—	1	1	—	3	3
Total other income (loss)	3,264	(3,579)	(315)	(36)	(44,329)	(44,365)
Net income (loss)	7,040	(5,120)	1,920	2,290	(60,997)	(58,707)
Net loss attributable to non-controlling interest in Consolidated VIEs	—	5,090	5,090	—	22,158	22,158
Net income (loss) attributable to Company	\$ 7,040	\$ (30)	\$ 7,010	\$ 2,290	\$ (38,839)	\$ (36,549)

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, 2025 and 2024, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Beginning balance	\$ 12,359	\$ 28,061
Contributions	—	39
Distributions	(687)	—
Net loss attributable to redeemable non-controlling interest in Consolidated VIEs	(3,627)	(14,400)
Adjustment of redeemable non-controlling interest to estimated redemption value ⁽¹⁾	5,337	6,428
Ending balance	<u>\$ 13,382</u>	<u>\$ 20,128</u>

- ⁽¹⁾ The Company determines the fair value of the redeemable non-controlling interest utilizing market assumptions and discounted cash flows. The Company applies a discount rate to the estimated future cash flows from the multi-family apartment properties held by the applicable Consolidated VIEs that are allocatable to the redeemable non-controlling interest. This fair value measurement is generally based on unobservable inputs and, as such, is classified as Level 3 in the fair value hierarchy. Significant unobservable inputs utilized in the estimation of fair value of redeemable non-controlling interest as of March 31, 2025 include a weighted average capitalization rate of 5.6% (ranges from 5.0% to 6.3%) and a weighted average discount rate of 14.8% (ranges from 13.6% to 15.6%).

Unconsolidated VIEs

As of March 31, 2025 and December 31, 2024, the Company evaluated its investment securities available for sale and preferred equity, equity and other 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, 2025 and December 31, 2024, 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025					
	Multi-family loans	Investment securities available for sale, at fair value	Equity investments	Other assets	Total
Non-Agency RMBS	\$ —	\$ 22,126	\$ —	\$ —	\$ 22,126
Preferred equity investments in multi-family properties	87,222	—	53,251	—	140,473
Joint venture equity investments in multi-family properties	—	—	1,111	—	1,111
Other investments	—	—	—	2,000	2,000
Maximum exposure	<u>\$ 87,222</u>	<u>\$ 22,126</u>	<u>\$ 54,362</u>	<u>\$ 2,000</u>	<u>\$ 165,710</u>

December 31, 2024					
	Multi-family loans	Investment securities available for sale, at fair value	Equity investments	Other assets	Total
Non-Agency RMBS	\$ —	\$ 22,892	\$ —	\$ —	\$ 22,892
Preferred equity investments in multi-family properties	86,192	—	73,436	—	159,628
Joint venture equity investments in multi-family properties	—	—	1,338	—	1,338
Other investments	—	—	—	2,000	2,000
Maximum exposure	<u>\$ 86,192</u>	<u>\$ 22,892</u>	<u>\$ 74,774</u>	<u>\$ 2,000</u>	<u>\$ 185,858</u>

8. Real Estate, Net

The following is a summary of real estate, net, collectively, as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Land	\$ 80,170	\$ 80,190
Building and improvements	581,595	581,283
Furniture, fixture and equipment	17,529	16,866
Operating real estate	\$ 679,294	\$ 678,339
Accumulated depreciation	(67,728)	(61,834)
Operating real estate, net	\$ 611,566	\$ 616,505
Real estate held for sale, net ⁽¹⁾	\$ 5,739	\$ 6,902
Real estate, net ⁽²⁾	\$ 617,305	\$ 623,407

⁽¹⁾ Real estate held for sale, net includes certain single-family rental properties and is recorded at the lower of the net carrying amount of the assets or the estimated fair value, net of selling costs.

⁽²⁾ The Company is repositioning 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 as of March 31, 2025 and December 31, 2024. See *Note 9* for additional information.

Multi-family Apartment Properties

As of March 31, 2025 and December 31, 2024, 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. Also as of March 31, 2025 and December 31, 2024, the Company owned a preferred equity investment in an entity that owns a multi-family apartment community, which the Company determined to be a VIE and for which the Company is the primary beneficiary. Accordingly, the Company consolidated the joint venture entities and the entity in which it holds a preferred equity investment into its condensed consolidated financial statements (see *Note 7*).

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.

Operating real estate, net is periodically evaluated for impairment. As of March 31, 2025, the Company determined that no multi-family properties owned by joint venture equity investments were impaired. As of March 31, 2024, the Company determined that four multi-family properties owned by joint venture equity investments were impaired. The calculation of impairment amounts for multi-family properties utilized fair values that were estimated based upon discounted cash flow analyses using property financial information and assumptions regarding market rent, revenue and expense growth, capitalization rates and equity return rates. Accordingly, the Company recognized a \$32.8 million impairment of real estate in the three months ended March 31, 2024.

Single-family Rental Properties

As of March 31, 2025 and December 31, 2024, 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.

During the three months ended March 31, 2025 and 2024, the Company determined that certain single-family rental properties met the criteria to be classified as held for sale, transferred the properties from operating real estate to real estate held for sale and recognized losses upon transfer of \$0.1 million and \$4.0 million, respectively, which are included in impairment of real estate on the accompanying condensed consolidated statements of operations. Real estate held for sale, net 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 single-family rental properties held for sale was based upon local broker price opinions and automated valuation model data. During the three months ended March 31, 2025 and 2024, the Company recognized \$0.3 million and \$4.0 million of net impairment losses on single-family rental properties, inclusive of losses recognized upon transfer to real estate held for sale, respectively.

During the three months ended March 31, 2025, the Company sold single-family rental properties for proceeds of approximately \$0.9 million, recognizing a net loss on sale of approximately \$45 thousand, which is included in other income on the accompanying condensed consolidated statements of operations. During the three months ended March 31, 2024, the Company sold single-family rental properties for proceeds of approximately \$0.9 million, recognizing a net gain on sale of approximately \$0.1 million.

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 were fully amortized as of March 31, 2025 and December 31, 2024.

The Company is repositioning 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 as of March 31, 2025 and December 31, 2024. *See Note 9* for additional information.

Depreciation and Amortization Expense

The following table presents depreciation and amortization expenses for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Depreciation expense on operating real estate	\$ 5,895	\$ 11,149
Amortization of lease intangibles related to operating real estate	—	1,427
Total depreciation and amortization	<u>\$ 5,895</u>	<u>\$ 12,576</u>

9. Assets and Liabilities of Disposal Group Held for Sale

The Company is repositioning 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 the assets and liabilities of the respective Consolidated VIEs are included in assets and liabilities of disposal group held for sale as of March 31, 2025 and December 31, 2024.

In March 2024, the Company suspended the marketing of one joint venture equity investment, determined that it no longer met the criteria to be classified as held for sale and transferred the assets and liabilities of the Consolidated VIE to their respective categories on the accompanying consolidated balance sheets. As a result of this transfer, the Company adjusted the carrying value of the long-lived assets in the Consolidated VIE and recognized an approximately \$14.6 million loss on reclassification of disposal group during the three months ended March 31, 2024.

During the three months ended March 31, 2024, the Company sold its ownership interest in one joint venture equity investment in a multi-family property, which resulted in the de-consolidation of the joint venture entity's assets and liabilities and a gain on de-consolidation of approximately \$0.1 million, which is included in other income (loss) in the accompanying condensed consolidated statements of operations for the three months ended March 31, 2024.

As of March 31, 2025, two joint venture equity investments are classified as disposal group held for sale. 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 1,819	\$ 2,461
Real estate, net	108,581	111,032
Other assets	3,006	5,120
Total assets of disposal group held for sale ⁽¹⁾	\$ 113,406	\$ 118,613
Mortgages payable on real estate, net ⁽²⁾	\$ 89,364	\$ 93,370
Other liabilities	1,789	3,695
Total liabilities of disposal group held for sale ⁽¹⁾	\$ 91,153	\$ 97,065

⁽¹⁾ 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 \$2.3 million and \$2.0 million as of March 31, 2025 and December 31, 2024, 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 was based upon a discounted cash flow analysis using property financial information and assumptions regarding market rent, revenue and expense growth, capitalization rates and equity return rates. During the three months ended March 31, 2025, the Company recognized net impairment losses of \$3.6 million for real estate, net in the disposal group held for sale. As of March 31, 2024, the fair value, net of selling costs of a multi-family property owned by one of the joint venture entities in which we held an equity investment that had previously been impaired was more than the property's net carrying value. Accordingly, the Company recognized a \$0.6 million recovery of value in the three months ended March 31, 2024. See Note 17 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 as of March 31, 2025 for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Pretax (loss) income of disposal group held for sale	\$ (2,936)	\$ 651
Pretax loss (income) of disposal group attributable to non-controlling interest in Consolidated VIEs	293	(30)
Pretax (loss) income of disposal group attributable to Company's common stockholders	<u>\$ (2,643)</u>	<u>\$ 621</u>

10. Derivative Instruments

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, credit default swaps, 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 following table summarizes the Company's derivative instruments as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Type of Derivative Instrument	Consolidated Balance Sheet Location	Fair Value	
		March 31, 2025	December 31, 2024
Interest rate caps	Other assets	\$ 346	\$ 56
Options	Other assets	3,184	—
Interest rate swaps	Other assets	—	—
U.S. Treasury futures	Other assets	—	—
Total derivative assets ⁽¹⁾		<u>\$ 3,530</u>	<u>\$ 56</u>
U.S. Treasury futures	Other liabilities	\$ —	\$ —
Credit default swaps	Other liabilities	—	—
Interest rate swaps	Other liabilities	—	—
Total derivative liabilities		<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾ Excludes interest rate cap contracts held by certain Consolidated Real Estate VIEs included in other assets in disposal group held for sale (*see Note 9*).

The Company elects to net the fair value of its derivative contracts by counterparty when appropriate and accounts for the receipt or payment of variation margin as a direct reduction of or increase in the carrying value of the related asset or liability.

The following tables present a reconciliation of gross derivative assets and liabilities to net amounts presented in the accompanying condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025				
	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	\$ 346	\$ —	\$ —	\$ 346
Options	3,184	—	—	3,184
Interest rate swaps	10,293	(10,293)	—	—
Total derivative assets	<u>\$ 13,823</u>	<u>\$ (10,293)</u>	<u>\$ —</u>	<u>\$ 3,530</u>
Derivative liabilities				
Credit default swaps	\$ (7,870)	\$ —	\$ 7,870	\$ —
Interest rate swaps	(30,422)	10,293	20,129	—
U.S. Treasury futures	(967)	—	967	—
Total derivative liabilities	<u>\$ (39,259)</u>	<u>\$ 10,293</u>	<u>\$ 28,966</u>	<u>\$ —</u>
December 31, 2024				
	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	\$ 56	\$ —	\$ —	\$ 56
Interest rate swaps	63,942	(10,134)	(53,808)	—
U.S. Treasury futures	952	(658)	(294)	—
Total derivative assets	<u>\$ 64,950</u>	<u>\$ (10,792)</u>	<u>\$ (54,102)</u>	<u>\$ 56</u>
Derivative liabilities				
Credit default swaps	\$ (9,120)	\$ —	\$ 9,120	\$ —
Interest rate swaps	(10,134)	10,134	—	—
U.S. Treasury futures	(658)	658	—	—
Total derivative liabilities	<u>\$ (19,912)</u>	<u>\$ 10,792</u>	<u>\$ 9,120</u>	<u>\$ —</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, credit default swaps and U.S. Treasury futures determined by the respective central clearing houses, 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 following table summarizes assets pledged as initial margin as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Initial Margin Collateral	Consolidated Balance Sheet Location	March 31, 2025	December 31, 2024
Agency RMBS	Investment securities available for sale, at fair value	\$ 50,122	\$ 33,399
Restricted cash	Other assets	38,860	68,253
Total initial margin collateral		\$ 88,982	\$ 101,652

Margin excess related to settlement of variation margin in the amount of approximately \$8.1 million and \$11.1 million as of March 31, 2025 and December 31, 2024, respectively, is included in other assets on the accompanying condensed consolidated balance sheets. Margin deficit related to settlement of variation margin in the amount of approximately \$8.6 million and \$8.1 million as of March 31, 2025 and December 31, 2024, respectively, is included in other liabilities on the accompanying condensed consolidated balance sheets.

The tables below summarize the activity of derivative instruments for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

Type of Derivative Instrument	Notional Amount For the Three Months Ended March 31, 2025			
	December 31, 2024	Additions	Terminations	March 31, 2025
Interest rate caps	\$ 45,142	\$ 45,142	\$ (45,142)	\$ 45,142
Options	—	160	—	160
Interest rate swaps	4,134,267	1,584,169	(1,224,060)	4,494,376
Credit default swaps	400,000	—	—	400,000
U.S. Treasury futures	406,100	112,500	(406,100)	112,500

Type of Derivative Instrument	Notional Amount For the Three Months Ended March 31, 2024			
	December 31, 2023	Additions/Transfers In ⁽¹⁾	Terminations	March 31, 2024
Interest rate caps	\$ 550,025	\$ 148,044	\$ (161,165)	\$ 536,904
Options	—	202	(102)	100
Interest rate swaps	2,778,015	904,180	(305,450)	3,376,745
Credit default swaps	—	400,000	—	400,000
U.S. Treasury futures	—	280,750	(255,450)	25,300

⁽¹⁾ Includes a transfer from disposal group held for sale with respect to an interest rate cap held in a certain Consolidated Real Estate VIE (see Note 9).

The following table presents the components of realized gains (losses), net and unrealized gains (losses), net related to our derivative instruments, which are included in (losses) gains on derivative instruments, net in our condensed consolidated statements of operations for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

Type of Derivative Instrument	For the Three Months Ended March 31,			
	2025		2024	
	Realized Gains (Losses)	Unrealized Gains (Losses)	Realized Gains (Losses)	Unrealized Gains (Losses)
Interest rate caps ⁽¹⁾	\$ —	\$ (15)	\$ —	\$ 2,806
Options	—	2,690	(211)	(509)
Interest rate swaps	26,336	(73,938)	5,230	43,709
Credit default swaps	(1,000)	1,246	(1,011)	(995)
U.S. Treasury futures	(860)	(1,261)	169	23
Total	<u>\$ 24,476</u>	<u>\$ (71,278)</u>	<u>\$ 4,177</u>	<u>\$ 45,034</u>

⁽¹⁾ Includes interest rate caps held by certain Consolidated Real Estate VIEs included in other assets in disposal group held for sale (see Note 9).

The following tables present information about an interest rate cap contract related to a variable-rate mortgage payable on real estate that is not included in disposal group held for sale as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025			
Financing Type	SOFR Strike Price	Notional Amount	Expiration Date
Mortgage payable on real estate	3.22%	45,142	January 1, 2026

December 31, 2024			
Financing Type	SOFR Strike Price	Notional Amount	Expiration Date
Mortgage payable on real estate	3.22%	45,142	January 1, 2025

The following tables present information about our interest rate swaps whereby we receive floating rate payments in exchange for fixed rate payments as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Swap Maturities	March 31, 2025		
	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate
2025	\$ 1,321,550	4.54 %	4.71 %
2026	30,660	4.37 %	4.43 %
2027	672,503	3.98 %	4.52 %
2028	923,857	3.96 %	4.55 %
2029	270,275	3.91 %	4.55 %
2030	554,947	3.98 %	4.34 %
2033	199,590	3.73 %	4.67 %
2034	178,224	3.86 %	4.55 %
2035	289,720	4.01 %	4.34 %
Total	\$ 4,441,326	4.13 %	4.56 %

Swap Maturities	December 31, 2024		
	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate
2025	\$ 1,377,250	4.53 %	4.89 %
2026	159,120	4.10 %	4.53 %
2027	622,123	3.98 %	4.75 %
2028	510,325	3.90 %	4.93 %
2029	614,585	3.86 %	4.71 %
2033	319,590	4.00 %	4.83 %
2034	178,224	3.86 %	4.83 %
2044	300,000	3.34 %	4.80 %
Total	\$ 4,081,217	4.09 %	4.82 %

The following tables present information about our interest rate swaps whereby we receive fixed rate payments in exchange for floating rate payments as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Swap Maturities	March 31, 2025		
	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate
2028	\$ 9,550	3.48 %	4.98 %
2033	43,500	3.64 %	4.84 %
Total	\$ 53,050	3.61 %	4.87 %

Swap Maturities	December 31, 2024		
	Notional Amount	Weighted Average Fixed Interest Rate	Weighted Average Variable Interest Rate
2028	\$ 9,550	3.48 %	5.15 %
2033	43,500	3.64 %	5.01 %
Total	\$ 53,050	3.61 %	5.04 %

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 the 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.

11. Mortgage Servicing Rights

The Company owned MSR as of March 31, 2025 and December 31, 2024 resulting from distributions of MSR received from its equity investment in an entity that originates residential loans (*see Note 6*) and purchases of MSR. The Company's MSR are associated with business purpose loans, are reported at fair value pursuant to the fair value option election (*see Note 17*) and are included in other assets in the accompanying condensed consolidated balance sheets. The primary risks associated with the Company's MSR are changes in interest rates and prepayment speeds.

The following table presents activity related to MSR for the three months ended March 31, 2025 (dollar amounts in thousands). The Company did not have MSR during the three months ended March 31, 2024.

	For the Three Months Ended March 31, 2025
Balance at beginning of period	\$ 21,003
Changes in fair value due to:	
Changes in valuation inputs or assumptions used in valuation model	(347)
Other changes in fair value, including runoff	(359)
Balance at end of period	<u>\$ 20,297</u>

The following table presents the components of servicing fee income recognized during the three months ended March 31, 2025 (dollar amounts in thousands). Servicing fee income is included in other income (loss) on the accompanying condensed consolidated statements of operations.

	For the Three Months Ended March 31, 2025
Servicing fees	\$ 1,249
Prepayment fees	680
Ancillary and other fee income ⁽¹⁾	50
Servicing fee income	<u>\$ 1,979</u>

⁽¹⁾ Includes default interest and late fee collections.

The Company recognized subservicing fee expenses in the amount of \$0.2 million related to MSR during the three months ended March 31, 2025, which is included in portfolio operating expenses on the accompanying condensed consolidated statements of operations.

12. Other Assets and Other Liabilities

Other Assets

The following table presents the components of the Company's other assets as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Restricted cash ⁽¹⁾	\$ 97,329	\$ 161,602
Accrued interest receivable	61,270	62,075
Real estate owned	50,619	47,651
Collections receivable from residential loan servicers	41,360	50,294
Other receivables	25,812	27,776
Mortgage servicing rights	20,297	21,003
Recoverable advances on residential loans	17,440	17,391
Other assets in consolidated multi-family properties	12,077	16,640
Receivables from derivative counterparties	8,124	11,059
Deferred tax assets	5,941	10,864
Operating lease right-of-use assets	5,168	5,460
Derivative assets ⁽²⁾	3,530	56
Other	6,004	6,003
Total	\$ 354,971	\$ 437,874

(1) Restricted cash represents cash held by third parties including initial margin for derivative contracts and cash held by the Company's securitization trusts.

(2) Includes derivative assets held in Consolidated Real Estate VIEs.

Other Liabilities

The following table presents the components of the Company's other liabilities as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Accrued interest payable	\$ 43,207	\$ 41,015
Securities purchased but not settled	38,402	—
Dividends and dividend equivalents payable	31,852	30,280
Unfunded commitments for residential and multi-family investments	12,594	14,001
Margin payable to derivative counterparties	8,610	8,137
Advanced remittances from residential loan servicers	6,668	7,029
Accrued expenses	6,430	11,141
Deferred revenue	6,118	5,817
Accrued expenses and other liabilities in consolidated multi-family properties	5,969	10,621
Operating lease liabilities	5,620	5,935
Deferred tax liabilities	4,353	9,282
Other	2,934	4,354
Total	\$ 172,757	\$ 147,612

13. Repurchase Agreements

The following table presents the carrying value of the Company's repurchase agreements as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Repurchase Agreements Secured By:	March 31, 2025	December 31, 2024
Investment securities	\$ 4,128,622	\$ 3,516,611
Residential loans and real estate owned	289,896	428,399
Single-family rental properties	67,198	67,215
Total carrying value	<u>\$ 4,485,716</u>	<u>\$ 4,012,225</u>

As of March 31, 2025, the Company had repurchase agreement exposure where the amount at risk was in excess of 5% of the Company's stockholders' equity with Atlas SP at 5.82%. 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 the repurchase agreement falls below specified levels and repurchase may be accelerated upon an event of default under the repurchase agreements. As of March 31, 2025, 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, 2025, the Company had \$173.1 million included in cash and cash equivalents and \$256.8 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, 2025 (dollar amounts in thousands):

Unencumbered Securities	March 31, 2025
Agency RMBS	\$ 216,096
Non-Agency RMBS ^{(1) (2)}	40,679
Total	<u>\$ 256,775</u>

- (1) Includes IOs in Consolidated SLST with a fair value of \$13.3 million as of March 31, 2025. 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 \$5.3 million as of March 31, 2025. Repurchased CDOs are eliminated in consolidation in accordance with GAAP.

The Company also had unencumbered residential loans with a fair value of \$100.2 million at March 31, 2025.

Residential Loans, Real Estate Owned and Single-family Rental Properties

The Company has repurchase agreements with six financial institutions to finance residential loans, real estate owned and single-family rental properties. The following table presents detailed information about the Company's financings under these repurchase agreements and associated assets pledged as collateral at March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	Maximum Aggregate Uncommitted Principal Amount	Outstanding Repurchase Agreements ⁽¹⁾	Net Deferred Finance Costs ⁽²⁾	Carrying Value of Repurchase Agreements	Carrying Value of Assets Pledged ⁽³⁾	Weighted Average Rate	Weighted Average Months to Maturity ⁽⁴⁾
March 31, 2025	\$ 2,775,000	\$ 357,483	\$ (389)	\$ 357,094	\$ 495,999	6.63 %	6.64
December 31, 2024	\$ 2,775,000	\$ 496,410	\$ (796)	\$ 495,614	\$ 659,183	6.70 %	9.64

- (1) Includes non-mark-to-market repurchase agreements with an aggregate outstanding balance of \$13.1 million, a weighted average rate of 6.85%, and weighted average months to maturity of 6 months as of March 31, 2025. Includes non-mark-to-market repurchase agreements with an aggregate outstanding balance of \$15.0 million, a weighted average rate of 7.09%, and weighted average months to maturity of 8 months as of December 31, 2024.
- (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 over the term of the agreement using the effective interest method, or straight line-method, if the result is not materially different.
- (3) Includes residential loans and real estate owned with an aggregate carrying value of \$363.3 million and single-family rental properties with a net carrying value of \$132.7 million as of March 31, 2025. Includes residential loans and real estate owned with an aggregate carrying value of \$524.6 million and single-family rental properties with a net carrying value of \$134.6 million as of December 31, 2024.
- (4) 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, real estate owned and single-family rental properties will be applied to pay any price differential and to reduce the aggregate repurchase price of the collateral. The outstanding financings under the repurchase agreements with five of the counterparties with an aggregate outstanding balance of \$344.4 million as of March 31, 2025 are subject to margin calls to the extent the market value of the collateral falls below specified levels and repurchase may be accelerated upon an event of default under the repurchase agreements.

The Company's accrued interest payable on outstanding repurchase agreements secured by residential loans, real estate owned and single-family rental properties at March 31, 2025 and December 31, 2024 amounted to \$2.4 million and \$2.5 million, respectively, and is included in other liabilities on the Company's condensed consolidated balance sheets.

As of March 31, 2025, the Company's repurchase agreements contain various covenants, including among other things, the maintenance of certain amounts of liquidity and total stockholders' equity as defined in the respective agreements. The Company is in compliance with such covenants as of March 31, 2025 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 and securities owned in Consolidated SLST. 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, 2025 and December 31, 2024, the Company had amounts outstanding under repurchase agreements with eleven counterparties and nine counterparties, respectively.

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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025			December 31, 2024		
	Outstanding Repurchase Agreements	Fair Value of Collateral Pledged ⁽¹⁾	Amortized Cost of Collateral Pledged ⁽¹⁾	Outstanding Repurchase Agreements	Fair Value of Collateral Pledged ⁽¹⁾	Amortized Cost of Collateral Pledged ⁽¹⁾
Agency RMBS	\$ 4,060,557	\$ 4,254,071	\$ 4,225,254	\$ 2,830,925	\$ 2,975,400	\$ 2,995,820
Non-Agency RMBS ⁽²⁾	43,892	58,768	57,266	50,622	67,352	64,375
U.S. Treasury securities	24,173	24,617	25,654	635,064	633,833	669,447
Balance at end of the period	\$ 4,128,622	\$ 4,337,456	\$ 4,308,174	\$ 3,516,611	\$ 3,676,585	\$ 3,729,642

- (1) Collateral pledged includes restricted cash posted as margin in the amount of \$0.3 million and \$11.8 million as of March 31, 2025 and December 31, 2024, respectively.

- (2) Includes first loss subordinated securities in Consolidated SLST with a fair value of \$17.1 million and \$20.6 million as of March 31, 2025 and December 31, 2024, respectively. Consolidated SLST securities owned by the Company are eliminated in consolidation in accordance with GAAP.

As of March 31, 2025 and December 31, 2024, the outstanding balances under our repurchase agreements secured by investment securities were funded at a weighted average advance rate of 95.8% and 96.0%, respectively, that implies an average "haircut" of 4.2% and 4.0%, respectively. As of March 31, 2025, the weighted average "haircut" related to our repurchase agreement financing for our Agency RMBS, non-Agency RMBS, and U.S. Treasury securities was approximately 3.9%, 27.7%, and 1.0%, respectively.

As of March 31, 2025 and December 31, 2024, the average days to maturity for repurchase agreements secured by investment securities were 35 days and 26 days, respectively, and the weighted average interest rates were 4.49% and 4.84%, respectively. The Company's accrued interest payable on outstanding repurchase agreements secured by investment securities at March 31, 2025 and December 31, 2024 amounted to \$28.2 million and \$28.4 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Contractual Maturity	March 31, 2025	December 31, 2024
Within 30 days	\$ 1,707,863	\$ 2,103,332
Over 30 days to 90 days	2,420,759	1,413,279
Total	\$ 4,128,622	\$ 3,516,611

14. 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025				
	Outstanding Face Amount	Carrying Value	Weighted Average Interest Rate ^{(1) (2)}	Stated Maturity ⁽³⁾
Consolidated SLST at fair value ⁽⁴⁾	\$ 852,049	\$ 805,273	3.40 %	2059 - 2064
Residential loan securitizations at fair value ⁽⁴⁾	1,578,586	1,554,353	5.73 %	2029 - 2069
Residential loan securitizations at amortized cost, net	763,188	757,673	4.38 %	2035 - 2062
Non-Agency RMBS re-securitization at fair value ⁽⁴⁾	69,506	69,515	7.38 %	2064
Total collateralized debt obligations	<u>\$ 3,263,329</u>	<u>\$ 3,186,814</u>		

December 31, 2024				
	Outstanding Face Amount	Carrying Value	Weighted Average Interest Rate ^{(1) (2)}	Stated Maturity ⁽³⁾
Consolidated SLST at fair value ⁽⁴⁾	\$ 867,004	\$ 811,591	3.49 %	2059 - 2064
Residential loan securitizations at fair value ⁽⁴⁾	1,281,896	1,253,332	5.72 %	2029 - 2069
Residential loan securitizations at amortized cost, net	850,547	842,764	4.35 %	2027 - 2062
Non-Agency RMBS re-securitization at fair value ⁽⁴⁾	70,867	70,757	7.38 %	2064
Total collateralized debt obligations	<u>\$ 3,070,314</u>	<u>\$ 2,978,444</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⁾ Certain of the Company's CDOs contain interest rate step-up features whereby the interest rate increases if the outstanding notes are not redeemed by expected redemption dates, as defined in the respective governing documents. As of March 31, 2025, CDOs with an aggregate outstanding face amount of \$1.8 billion contain an interest rate step-up feature whereby the interest rate increases by either 1.00%, 1.50%, or 3.00% on defined dates ranging between 24 months and 48 months after issuance, if the notes are not redeemed before such dates.

⁽³⁾ 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.

⁽⁴⁾ The Company has elected the fair value option for CDOs issued by Consolidated SLST, residential loan securitizations completed after January 1, 2024 and a non-Agency RMBS re-securitization (*see Note 17*). *See Note 7* for unrealized gains or losses recognized on CDOs issued by Consolidated SLST. For the three months ended March 31, 2025 and 2024, the Company recognized \$4.7 million in net unrealized losses and \$1.6 million in net unrealized gains, respectively, on residential loan securitizations and a non-Agency RMBS re-securitization at fair value, which are included in unrealized gains (losses), net on the accompanying condensed consolidated statements of operations.

The Company's CDOs as of March 31, 2025 had stated maturities as follows:

Year ending December 31,	Total
2025	\$ —
2026	—
2027	—
2028	—
2029	225,000
Thereafter	3,038,329
Total	\$ 3,263,329

15. Debt

Senior Unsecured Notes

On January 14, 2025, the Company completed the issuance of \$82.5 million in aggregate principal amount of its 9.125% Senior Notes due 2030 (the "2030 Senior Notes") in an underwritten public offering. The total net proceeds to the Company from the offering of the 2030 Senior Notes, after deducting the underwriters' discount and commissions and offering expenses, were approximately \$79.3 million.

On June 28, 2024, the Company completed the issuance of \$60.0 million in aggregate principal amount of its 9.125% Senior Notes due 2029 (the "2029 Senior Notes") in an underwritten public offering. The total net proceeds to the Company from the offering of the 2029 Senior Notes, after deducting the underwriters' discount and commissions and offering expenses, were approximately \$57.5 million.

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 "2026 Senior Notes") for an equal principal amount of Unregistered Notes.

The 2030 Senior Notes, 2029 Senior Notes and 2026 Senior Notes (collectively, the "Senior Unsecured Notes") are senior unsecured obligations of the Company that are equal in right of payment to each other and structurally subordinated in right of payment to the Company's subordinated debentures. No sinking fund is provided for the Senior Unsecured Notes.

The following table presents a summary of the Senior Unsecured Notes as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025		December 31, 2024	
	Outstanding Face Amount	Carrying Value	Outstanding Face Amount	Carrying Value
2030 Senior Notes at fair value	\$ 82,500	\$ 80,025	\$ —	\$ —
2029 Senior Notes at fair value	60,000	59,736	60,000	60,310
2026 Senior Notes at amortized cost, net	100,000	99,087	100,000	98,886
Total Senior Unsecured Notes	<u>\$ 242,500</u>	<u>\$ 238,848</u>	<u>\$ 160,000</u>	<u>\$ 159,196</u>

2030 Senior Notes

The 2030 Senior Notes bear interest at a rate equal to 9.125% per year, payable in cash quarterly in arrears on January 1, April 1, July 1, and October 1 of each year, beginning on April 1, 2025, and mature on April 1, 2030, unless earlier redeemed. The Company may redeem the 2030 Senior Notes, in whole or in part, at any time at the Company's option on or after April 1, 2027, at a redemption price equal to 100% of the outstanding principal amount of the 2030 Senior Notes to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

The Company has elected the fair value option with respect to the 2030 Senior Notes. None of the change in the fair value of the 2030 Senior Notes for the three months ended March 31, 2025 was due to instrument-specific credit risk. Accordingly, the Company recognized \$2.5 million in net unrealized gains on the 2030 Senior Notes, which are included in unrealized gains (losses), net on the accompanying condensed consolidated statements of operations for the three months ended March 31, 2025.

2029 Senior Notes

The 2029 Senior Notes bear interest at a rate equal to 9.125% per year, payable in cash quarterly in arrears on January 1, April 1, July 1, and October 1 of each year, beginning on October 1, 2024, and mature on July 1, 2029, unless earlier redeemed. The Company may redeem the 2029 Senior Notes, in whole or in part, at any time at the Company's option on or after July 1, 2026, at a redemption price equal to 100% of the outstanding principal amount of the 2029 Senior Notes to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

The Company has elected the fair value option with respect to the 2029 Senior Notes. None of the change in the fair value of the 2029 Senior Notes for the three months ended March 31, 2025 was due to instrument-specific credit risk. Accordingly, the Company recognized \$0.6 million in net unrealized gains on the 2029 Senior Notes, which are included in unrealized gains (losses), net on the accompanying condensed consolidated statements of operations for the three months ended March 31, 2025.

2026 Senior Notes

As of March 31, 2025, the Company had \$100.0 million aggregate principal amount of its 2026 Senior Notes outstanding. Costs related to the issuance of the 2026 Senior 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 \$0.9 million and \$1.1 million as of March 31, 2025 and December 31, 2024, 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 2026 Senior 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 2026 Senior Notes by one or more nationally recognized statistical rating organizations (a "NRSRO"). The annual interest rate on the 2026 Senior 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 2026 Senior 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 2026 Senior Notes have a rating of B+ or below or no rating from any NRSRO. Interest on the 2026 Senior Notes is paid semi-annually in arrears on April 30 and October 30 of each year, and the 2026 Senior Notes will mature on April 30, 2026.

The Company had the right to redeem the 2026 Senior 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 2026 Senior 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 was 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 2026 Senior Notes multiplied by 2.875%. After April 30, 2023, the Company has the right to redeem the 2026 Senior Notes, in whole or in part, at 100% of the principal amount of the 2026 Senior 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 2026 Senior 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	—

As of March 31, 2025, the Company's 2026 Senior 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. In addition, the 2026 Senior Notes limit the amount of Company leverage, net of cash held by the Company, to no more than four times its equity and limit the Company's ability to transfer its 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, 2025 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. Prior to July 2023, each of the Company's subordinated debentures incurred interest at a floating rate equal to three-month LIBOR plus an applicable spread, resetting quarterly. In light of the cessation of the publication of three-month LIBOR after June 30, 2023, and pursuant to the terms of each of the Company's subordinated debentures, as of March 31, 2025, the floating rate for each of the Company's subordinated debentures is equal to three-month CME Term SOFR plus both a tenor spread adjustment of 0.26161% per annum and the applicable spread.

The following table summarizes the key details of the Company's subordinated debentures as of March 31, 2025 and December 31, 2024 (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 CME Term SOFR plus tenor spread adjustment of 0.26161% plus 3.75%, resetting quarterly		Three-month CME Term SOFR plus tenor spread adjustment of 0.26161% plus 3.95%, resetting quarterly	
Scheduled maturity	March 30, 2035		October 30, 2035	

As of May 2, 2025, the Company has not been notified, and is not aware, of any event of default under the indenture for the subordinated debentures.

Mortgages Payable on Real Estate

As of March 31, 2025 and December 31, 2024, 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. The Company also owned a preferred equity investment in a VIE that owns a multi-family apartment community and for which the Company is the primary beneficiary. Accordingly, the Company consolidated the respective VIEs into its condensed consolidated financial statements (*see Note 7*).

During the three months ended March 31, 2024, one entity in which the Company held a joint venture equity investment entered into a debt restructuring agreement with the senior lender for its mortgage payable. As part of the agreement, the required strike price of the interest rate cap agreement related to the respective mortgage payable increased and a portion of interest payments was deferred until the maturity date. The restructuring did not result in a change in the carrying amount of the mortgage payable and no gain was recorded. During the year ended December 31, 2024, the Company sold its joint venture equity investment in the entity, which resulted in the de-consolidation of the mortgage payable subject to the debt restructuring agreement as of December 31, 2024.

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, 2025 and December 31, 2024, 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, 2025	\$ 366,928	\$ 366,928	\$ (1,473)	\$ 365,455	2026 - 2032	4.42 %
December 31, 2024	368,158	368,158	(1,552)	366,606	2026 - 2032	4.48 %

⁽¹⁾ The Company is repositioning 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, 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 as of March 31, 2025 and December 31, 2024. *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 applicable entities, as required by loan agreements, entered into interest rate cap contracts with counterparties that limit the indexed portion of the interest rate to a fixed rate. *See Note 10* for additional information.

Debt Maturities

As of March 31, 2025, maturities for debt on the Company's condensed consolidated balance sheet are as follows (dollar amounts in thousands):

Year Ending December 31,	Outstanding Balance
2025	\$ —
2026	125,959
2027	—
2028	—
2029	282,028
2030	82,500
Thereafter	163,941
	<u>\$ 654,428</u>

16. 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, 2025, 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.

Commitment to Fund Business Purpose Loans

As of March 31, 2025, the Company had commitments to fund up to \$184.8 million of additional advances on existing business purpose loans. These commitments are generally subject to loan agreements with terms that must be met before the Company funds advances on the commitment.

17. 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 respective securitizations and its investment in the securitizations (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 securitizations 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.

The Company independently calculates the fair value of residential loans based on discounted cash flows using an internal pricing model to validate all third party valuations of residential loans. 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.

- 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 the 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 its Agency RMBS and non-Agency RMBS 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 determines the fair value of its U.S. Treasury securities using a third-party pricing service that compiles prices from various sources or using pricing models that consider observable market data to determine the fair value of identical or similar securities.

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 by (i) the valuation process for preferred equity and mezzanine loan investments as described in c. above, (ii) using a direct capitalization rate applied to stabilized net income of the underlying property or (iii) using weighted multiples of origination volume and earnings before taxes, depreciation and amortization of the entity and the net asset value ("NAV") of the equity investment 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 Company's interest rate swaps, credit default swaps and U.S. Treasury futures are classified as Level 2 fair values and are measured using valuations reported by the respective central clearing houses. The derivatives are presented net of variation margin payments pledged or received.

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

The Company obtains additional third-party valuations for interest rate swaps, credit default swaps, U.S. Treasury futures, interest rate cap agreements and option contracts. The Company has established thresholds to compare different independent third-party prices and any differences that exceed the thresholds are reviewed both internally and with the third-party pricing services. The Company reconciles and resolves all pricing differences in excess of the thresholds before a final price is established.

- g. *Mortgage Servicing Rights* – The Company's MSRs are recorded at fair value and are classified as Level 3 in the fair value hierarchy. Although MSR transactions may be observable in the marketplace, the details of those transactions may not be representative of the Company's MSR portfolio. Accordingly, the fair value of the Company's MSRs is determined using valuations obtained from a third party that specializes in providing valuations of MSRs. The valuation incorporates both observable market data and unobservable market data including prepayment speeds, rates of default and discount rates as inputs to a discounted cash flow model.

The Company independently calculates the fair value of its MSRs based on discounted cash flows using a pricing model to validate all third party-valuations of MSRs. 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.

- h. *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.

Fair value for CDOs issued by the Company's residential loan securitizations and non-Agency RMBS re-securitization is determined by the valuation process for investment securities available for sale as described in *d.* above and, as such, are classified as Level 2 fair values.

- i. *Senior unsecured notes* – The Company's 2030 Senior Notes and 2029 Senior Notes are valued using pricing models that consider observable market data to determine the fair value of identical or similar securities and are classified as Level 2 fair values.

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, 2025 and December 31, 2024, respectively, on the Company's condensed consolidated balance sheets (dollar amounts in thousands):

	Measured at Fair Value on a Recurring Basis at							
	March 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets carried at fair value								
Residential loans:								
Residential loans	\$ —	\$ —	\$ 445,562	\$ 445,562	\$ —	\$ —	\$ 632,266	\$ 632,266
Consolidated SLST	—	—	959,250	959,250	—	—	965,672	965,672
Residential loans held in securitization trusts	—	—	2,508,456	2,508,456	—	—	2,243,800	2,243,800
Investment securities available for sale:								
Agency RMBS	—	4,558,720	—	4,558,720	—	3,136,812	—	3,136,812
Non-Agency RMBS	—	63,787	—	63,787	—	69,687	—	69,687
U.S. Treasury securities	—	24,305	—	24,305	—	622,045	—	622,045
Multi-family loans	—	—	87,222	87,222	—	—	86,192	86,192
Equity investments	—	—	93,999	93,999	—	—	113,492	113,492
Derivative assets:								
Interest rate caps ⁽¹⁾⁽²⁾	—	346	—	346	—	56	—	56
Options ⁽²⁾	—	3,184	—	3,184	—	—	—	—
Interest rate swaps ⁽²⁾⁽⁴⁾	—	—	—	—	—	—	—	—
U.S. Treasury futures ⁽²⁾	—	—	—	—	—	—	—	—
Mortgage servicing rights	—	—	20,297	20,297	—	—	21,003	21,003
Assets of disposal group held for sale ⁽³⁾	—	222	—	222	—	67	—	67
Total	\$ —	\$ 4,650,564	\$ 4,114,786	\$ 8,765,350	\$ —	\$ 3,828,667	\$ 4,062,425	\$ 7,891,092
Liabilities carried at fair value								
CDOs:								
Consolidated SLST	\$ —	\$ —	\$ 805,273	\$ 805,273	\$ —	\$ —	\$ 811,591	\$ 811,591
Residential loan securitizations	—	1,554,353	—	1,554,353	—	1,253,332	—	1,253,332
Non-Agency RMBS re-securitization	—	69,515	—	69,515	—	70,757	—	70,757
Senior unsecured notes	—	139,761	—	139,761	—	60,310	—	60,310
Derivative liabilities:								
Interest rate swaps ⁽²⁾⁽⁴⁾	—	—	—	—	—	—	—	—
U.S. Treasury futures ⁽²⁾	—	—	—	—	—	—	—	—
Credit default swaps ⁽²⁾⁽⁴⁾	—	—	—	—	—	—	—	—
Total	\$ —	\$ 1,763,629	\$ 805,273	\$ 2,568,902	\$ —	\$ 1,384,399	\$ 811,591	\$ 2,195,990

- (1) Excludes assets of disposal group held for sale (*see Note 9*).
- (2) Included in other assets or other liabilities, respectively, in the condensed consolidated balance sheets.
- (3) Includes interest rate caps classified as Level 2 instruments in the amount of \$0.2 million and \$0.1 million as of March 31, 2025 and December 31, 2024, respectively.
- (4) All of the Company's interest rate swaps, credit default swaps and U.S. Treasury futures are cleared through central clearing houses. The Company exchanges variation margin for the derivative instruments based upon daily changes in fair value. Includes derivative liabilities of \$39.3 million netted against derivative assets of \$10.3 million and a net variation margin of \$29.0 million as of March 31, 2025. Includes derivative liabilities of \$19.9 million netted against derivative assets of \$64.9 million and a variation margin of \$45.0 million as of December 31, 2024. *See Note 10* for additional information.

The following tables detail changes in valuation for the Level 3 assets for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

Level 3 Assets:

Three Months Ended March 31, 2025							
	Residential loans			Multi-family loans	Equity investments	Mortgage servicing rights	Total
	Residential loans	Consolidated SLST	Residential loans held in securitization trusts				
Balance at beginning of period	\$ 632,266	\$ 965,672	\$ 2,243,800	\$ 86,192	\$ 113,492	\$ 21,003	\$ 4,062,425
Total gains/(losses) (realized/unrealized)							
Included in earnings	5,857	11,743	25,378	2,991	3,589	(706)	48,852
Transfers out ⁽¹⁾	(22,506)	—	(659)	—	—	—	(23,165)
Transfer to securitization trust, net ⁽²⁾	(464,214)	—	464,214	—	—	—	—
Paydowns/Distributions	(56,731)	(18,165)	(261,880)	(1,961)	(23,082)	—	(361,819)
Sales	(2,075)	—	(6,277)	—	—	—	(8,352)
Acquisitions	352,965	—	43,880	—	—	—	396,845
Balance at the end of period	\$ 445,562	\$ 959,250	\$ 2,508,456	\$ 87,222	\$ 93,999	\$ 20,297	\$ 4,114,786

- (1) Transfers out of Level 3 assets represents the transfer of residential loans to real estate owned assets.
- (2) During the three months ended March 31, 2025, the Company transferred, on a net basis, certain residential loans into residential loan securitizations (*see Note 7* for further discussion of the Company's residential loan securitizations).

Three Months Ended March 31, 2024

	Residential loans					
	Residential loans	Consolidated SLST	Residential loans held in securitization trusts	Multi-family loans	Equity investments	Total
Balance at beginning of period	\$ 827,535	\$ 754,860	\$ 1,501,908	\$ 95,792	\$ 147,116	\$ 3,327,211
Total losses (realized/unrealized)						
Included in earnings	(2,924)	(138)	(1,773)	(2,137)	(2,037)	(9,009)
Transfers out ⁽¹⁾	(18,180)	—	(2,886)	—	—	(21,066)
Transfer to securitization trust, net ⁽²⁾	(370,804)	—	370,804	—	—	—
Paydowns/Distributions	(62,718)	(16,596)	(152,806)	(1,750)	(7,136)	(241,006)
Sales	(22,204)	—	(6,708)	—	—	(28,912)
Purchases	290,024	—	15,711	—	—	305,735
Balance at the end of period	<u>\$ 640,729</u>	<u>\$ 738,126</u>	<u>\$ 1,724,250</u>	<u>\$ 91,905</u>	<u>\$ 137,943</u>	<u>\$ 3,332,953</u>

⁽¹⁾ Transfers out of Level 3 assets represents the transfer of residential loans to real estate owned, single-family rental properties and other assets.

⁽²⁾ During the three months ended March 31, 2024, the Company transferred certain residential loans into residential loan securitizations (*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, 2025 and 2024, respectively (dollar amounts in thousands):

Level 3 Liabilities:

	Consolidated SLST CDOs	
	Three Months Ended March 31,	
	2025	2024
Balance at beginning of period	\$ 811,591	\$ 593,737
Total gains (realized/unrealized)		
Included in earnings	8,637	1,396
Paydowns	(14,955)	(12,506)
Balance at the end of period	<u>\$ 805,273</u>	<u>\$ 582,627</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, 2025	Fair Value	Valuation Technique	Unobservable Input	Weighted Average	Range		
Assets							
Residential loans:							
Residential loans and residential loans held in securitization trusts ⁽¹⁾	\$2,779,673	Discounted cash flow	Lifetime CPR	8.6%	—	-	49.8%
			Lifetime CDR	0.6%	—	-	30.2%
			Loss severity	11.6%	—	-	96.8%
			Yield	7.4%	5.0%	-	32.9%
	\$174,345	Liquidation model	Annual home price appreciation/(depreciation)	0.5%	—	-	9.7%
			Liquidation timeline (months)	18	1	-	54
			Property value	\$2,106,041	\$6,000	-	\$12,750,000
			Yield	7.6%	7.5%	-	26.8%
Consolidated SLST ⁽⁴⁾	\$959,250		Liability price	N/A			
Total	<u>\$3,913,268</u>						
Multi-family loans ^{(1) (2)}							
	\$87,222	Discounted cash flow	Discount rate	12.5%	11.0%	-	14.0%
			Months to assumed redemption	24	< 1	-	48
			Loss severity	—			
Equity investments ^{(1) (3)}							
	\$53,251	Discounted cash flow	Discount rate	16.0%	15.0%	-	17.5%
			Months to assumed redemption	18	3	-	47
			Loss severity	—			
	\$1,111	Direct Capitalization	Capitalization Rate	6.0%	6.0%	-	6.0%
Mortgage servicing rights ⁽¹⁾							
	\$20,297	Discounted cash flow	Lifetime voluntary prepayment rate	10.5%	1.0%	-	26.6%
			Lifetime CDR	2.2%	—	-	41.1%
			Yield	12.6%	12.0%	-	14.0%
Liabilities							
Consolidated SLST CDOs ^{(4) (5)}	\$805,273	Discounted cash flow	Yield	5.5%	4.5%	-	12.8%
			Collateral prepayment rate	6.2%	2.7%	-	7.2%
			Collateral default rate	1.3%	—	-	7.4%
			Loss severity	20.3%	10.0%	-	78.2%

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

- (2) As of March 31, 2025, the Company has reduced the fair value of one multi-family loan to zero as a result of developments with respect to the property, its financing and market conditions. Unobservable inputs do not include inputs related to this multi-family loan. As of March 31, 2025, the Company had one multi-family loan mature on April 1, 2025, which was repaid in full on its maturity date.
- (3) 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 and NAV of the entity.
- (4) 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, 2025, the fair value of investment securities we own in Consolidated SLST amounts to \$148.1 million.
- (5) 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, 2025 and 2024, respectively, for our Level 3 assets and liabilities held as of March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,	
	2025	2024
Assets		
Residential loans:		
Residential loans ⁽¹⁾	\$ (2,342)	\$ (8,303)
Consolidated SLST ⁽¹⁾	12,895	506
Residential loans held in securitization trusts ⁽¹⁾	23,905	(4,362)
Multi-family loans ⁽¹⁾	410	(4,777)
Equity investments ⁽²⁾	(1,363)	(6,161)
Mortgage servicing rights ⁽¹⁾	(706)	—
Liabilities		
Consolidated SLST CDOs ⁽¹⁾	(9,631)	(542)

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

(2) Presented in income (loss) 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

		March 31, 2025		December 31, 2024	
	Fair Value Hierarchy Level	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:					
Cash and cash equivalents	Level 1	\$ 177,072	\$ 177,072	\$ 167,422	\$ 167,422
Residential loans	Level 3	3,913,268	3,913,268	3,841,738	3,841,738
Investment securities available for sale	Level 2	4,646,812	4,646,812	3,828,544	3,828,544
Multi-family loans	Level 3	87,222	87,222	86,192	86,192
Equity investments	Level 3	93,999	93,999	113,492	113,492
Derivative assets	Level 2	3,530	3,530	56	56
Derivative assets in disposal group held for sale	Level 2	222	222	67	67
Mortgage servicing rights	Level 3	20,297	20,297	21,003	21,003
Financial Liabilities:					
Repurchase agreements	Level 2	4,485,716	4,485,716	4,012,225	4,012,225
Collateralized debt obligations:					
Residential loan securitizations at amortized cost, net	Level 3	757,673	740,808	842,764	818,482
Residential loan securitizations at fair value	Level 2	1,554,353	1,554,353	1,253,332	1,253,332
Consolidated SLST	Level 3	805,273	805,273	811,591	811,591
Non-Agency RMBS re-securitization	Level 2	69,515	69,515	70,757	70,757
Subordinated debentures	Level 3	45,000	38,976	45,000	38,918
Senior unsecured notes:					
Senior unsecured notes at amortized cost, net	Level 2	99,087	99,488	98,886	98,632
Senior unsecured notes at fair value	Level 2	139,761	139,761	60,310	60,310
Mortgages payable on real estate	Level 3	365,455	353,914	366,606	347,915
Mortgages payable on real estate in disposal group held for sale	Level 3	89,364	89,364	93,370	93,370

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 of senior unsecured notes reported at amortized cost, net is determined using pricing models that consider observable market data to determine the fair value of identical or similar securities.
- 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.

18. 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 22,164,414 shares issued and outstanding as of March 31, 2025 and December 31, 2024.

As of March 31, 2025, 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 on March 31, 2026, allows the Company to make repurchases of shares of Preferred Stock, from time to time, in open market transactions, through privately negotiated transactions or block trades or other means, in accordance with applicable securities laws and the rules and regulations of Nasdaq. The Company did not repurchase any shares of its preferred stock during the three months ended March 31, 2025 and 2024. As of March 31, 2025, \$97.6 million of the approved amount remained available for the repurchase of shares of Preferred Stock under the preferred stock repurchase program.

The following table summarizes the Company's Preferred Stock issued and outstanding as of March 31, 2025 and December 31, 2024 (dollar amounts in thousands):

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) (5)}
Fixed-to-Floating Rate								
Series D	8,400,000	6,107,318	\$ 147,745	\$ 152,683	8.000 %	October 15, 2027	October 15, 2027	3M LIBOR + 5.695%
Series E	9,900,000	7,343,151	177,697	183,579	7.875 %	January 15, 2025	January 15, 2025	3M SOFR + tenor spread adjustment of 0.26161% + 6.429%
Series F	7,750,000	5,740,209	138,418	143,505	6.875 %	October 15, 2026	October 15, 2026	3M SOFR + 6.130%
Fixed Rate								
Series G	5,450,000	2,973,736	71,585	74,343	7.000 %	January 15, 2027		
Total	31,500,000	22,164,414	\$ 535,445	\$ 554,110				

- (1) The Company's fixed rate preferred stock is entitled to receive a dividend at the contractual rate shown, 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 footnotes ⁽⁴⁾ and ⁽⁵⁾ below.

- (4) Prior to July 2023, on and after the fixed-to-floating rate conversion date, each of the Series D Preferred Stock and Series E Preferred Stock were 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. In light of the cessation of the publication of three-month LIBOR after June 30, 2023, and pursuant to the Articles Supplementary for the Series E Preferred Stock and the applicability of the Adjustable Interest Rate (LIBOR) Act of 2021 to the Series E Preferred Stock, the calculation agent determined that three-month CME Term SOFR plus the applicable tenor spread adjustment of 0.26161% per annum has replaced three-month LIBOR as the successor base rate for calculations of the dividend rate payable on the Series E Preferred Stock for dividend periods from and after the respective fixed-to-floating rate conversion date. Additionally, pursuant to the Articles Supplementary for the Series D Preferred Stock and the applicability of the LIBOR Act of 2021 to the Series D Preferred Stock, given all of the information available to the Company to date, the Company believes that three-month CME Term SOFR plus the applicable tenor spread adjustment of 0.26161% per annum will automatically replace three-month LIBOR as the reference rate for calculations of the dividend rate payable on the Series D Preferred Stock for dividend periods from and after the respective fixed-to-floating rate conversion date.
- (5) 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 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, 2024 through March 31, 2025:

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 20, 2025	April 1, 2025	April 15, 2025	\$ 0.50	\$ 0.687036875	\$ 0.4296875	\$ 0.43750
December 10, 2024	January 1, 2025	January 15, 2025	0.50	0.4921875	0.4296875	0.43750
September 19, 2024	October 1, 2024	October 15, 2024	0.50	0.4921875	0.4296875	0.43750
June 18, 2024	July 1, 2024	July 15, 2024	0.50	0.4921875	0.4296875	0.43750
March 13, 2024	April 1, 2024	April 15, 2024	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 90,529,421 and 90,574,996 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively.

In February 2022, the Board of Directors approved a \$200.0 million common stock repurchase program. In March 2023, the Board of Directors approved an upside of the common stock repurchase program to \$246.0 million. The program, which expires on March 31, 2026, allows the Company to make repurchases of shares of common stock, from time to time, in open market transactions, through privately negotiated transactions or block trades or other means, in accordance with applicable securities laws and the rules and regulations of Nasdaq. The Company did not repurchase any shares of its common stock during the three months ended March 31, 2025 and 2024. As of March 31, 2025, \$189.7 million of the approved amount remained available for the repurchase of shares of the Company's common stock under the common 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, 2024 through March 31, 2025:

Period	Declaration Date	Record Date	Payment Date	Cash Dividend Per Share
First Quarter 2025	March 20, 2025	March 31, 2025	April 28, 2025	\$ 0.20
Fourth Quarter 2024	December 10, 2024	December 20, 2024	January 23, 2025	0.20
Third Quarter 2024	September 19, 2024	September 30, 2024	October 28, 2024	0.20
Second Quarter 2024	June 18, 2024	June 28, 2024	July 29, 2024	0.20
First Quarter 2024	March 13, 2024	March 25, 2024	April 25, 2024	0.20

(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, 2025 and 2024. As of March 31, 2025, 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"), most recently amended on March 2, 2022, with a sales agent, pursuant to which the Company may offer and sell shares of its Preferred Stock, having a maximum aggregate gross sales price of up to \$149.1 million from time to time through the sales agent. 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, 2025 and 2024. As of March 31, 2025, approximately \$100.0 million of Preferred Stock remains available for issuance under the Preferred Equity Distribution Agreement.

19. 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 performance share units ("PSUs"), restricted stock units ("RSUs") and deferred stock units ("DSUs"), and the number of incremental shares that are to be added to the weighted-average number of shares outstanding.

During the three months ended March 31, 2025, certain of the PSUs, RSUs and DSUs 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 and DSUs vest according to the respective PSU, RSU and DSU 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, 2024, 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):

	For the Three Months Ended March 31,	
	2025	2024
Basic Earnings (Loss) per Common Share:		
Net income (loss) attributable to Company	\$ 42,155	\$ (57,901)
Less: Preferred Stock dividends	(11,870)	(10,439)
Net income (loss) attributable to Company's common stockholders	\$ 30,285	\$ (68,340)
Basic weighted average common shares outstanding	90,583	91,117
Basic Earnings (Loss) per Common Share	\$ 0.33	\$ (0.75)
Diluted Earnings (Loss) per Common Share:		
Net income (loss) attributable to Company	\$ 42,155	\$ (57,901)
Less: Preferred Stock dividends	(11,870)	(10,439)
Net income (loss) attributable to Company's common stockholders	\$ 30,285	\$ (68,340)
Weighted average common shares outstanding	90,583	91,117
Net effect of assumed PSUs vested	415	—
Net effect of assumed RSUs and DSUs vested	93	—
Diluted weighted average common shares outstanding	91,091	91,117
Diluted Earnings (Loss) per Common Share	\$ 0.33	\$ (0.75)

20. 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, 2025, 3,164,197 shares remain available for issuance under the 2017 Plan. The Company's non-employee directors have been issued 301,472 shares under the 2017 Plan as of March 31, 2025. The Company's employees have been issued 1,437,160 shares of restricted stock under the 2017 Plan as of March 31, 2025. At March 31, 2025, there were 235,797 shares of non-vested restricted stock outstanding, 2,863,258 common shares reserved for issuance in connection with outstanding PSUs under the 2017 Plan, 1,201,728 common shares reserved for issuance in connection with outstanding RSUs under the 2017 Plan and 110,772 common shares reserved for issuance in connection with outstanding DSUs under the 2017 Plan.

Of the common stock authorized at December 31, 2024, 5,093,685 shares were reserved for issuance under the 2017 Plan. The Company's non-employee directors had been issued 301,472 shares under the 2017 Plan as of December 31, 2024. The Company's employees had been issued 1,475,184 shares of restricted stock under the 2017 Plan as of December 31, 2024. At December 31, 2024, there were 538,159 shares of non-vested restricted stock outstanding, 1,879,052 common shares reserved for issuance in connection with outstanding PSUs under the 2017 Plan, 450,600 common shares reserved for issuance in connection with outstanding RSUs under the 2017 Plan and 110,772 common shares reserved for issuance in connection with outstanding DSUs under the 2017 Plan.

(a) Restricted Common Stock Awards

During the three months ended March 31, 2025 and 2024, the Company recognized non-cash compensation expense on its restricted common stock awards of \$0.5 million and \$0.9 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, 2025 and 2024, respectively, is presented below:

	2025		2024	
	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	538,159	\$ 10.39	524,570	\$ 13.57
Granted	—	—	342,628	8.23
Vested	(264,338)	11.44	(246,917)	13.90
Forfeited	(38,024)	9.34	(3,529)	11.33
Non-vested shares as of March 31	235,797	\$ 9.38	616,752	\$ 10.45
Restricted stock granted during the period	—	\$ —	342,628	\$ 8.23

) 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, 2025 and 2024, the Company had unrecognized compensation expense of \$1.9 million and \$5.8 million, respectively, related to the non-vested shares of restricted common stock under the 2017 Plan. The unrecognized compensation expense at March 31, 2025 is expected to be recognized over a weighted average period of 1.5 years. The total fair value of restricted shares vested during the three months ended March 31, 2025 and 2024 was approximately \$1.6 million and \$2.1 million, respectively. The requisite service period for restricted stock awards at issuance is three years and the restricted common stock vests ratably over the requisite service period.

(b) Performance Share Units

During the three months ended March 31, 2025, the Company granted PSUs that had been approved by the Compensation Committee and the Board of Directors. 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 DERs 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. The DERs that vested during the three months ended March 31, 2024 were settled in cash.

A summary of the activity of the target PSU awards under the 2017 Plan for the three months ended March 31, 2025 and 2024, respectively, is presented below:

	2025		2024	
	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	939,523	\$ 11.48	905,825	\$ 18.12
Granted	710,132	6.82	—	—
Vested	—	—	(350,886)	22.31
Forfeited	(218,026)	18.66	—	—
Non-vested target PSUs as of March 31	1,431,629	\$ 8.08	554,939	\$ 15.47

⁽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 2022 ended on December 31, 2024 and the relative total shareholder return of the Company's common stock did not exceed the threshold amount for the performance period. Accordingly, all PSUs granted in 2022 did not vest and target PSUs of 188,729 were forfeited during the three months ended March 31, 2025. The three-year performance period for PSUs granted in 2021 ended on December 31, 2023, resulting in the vesting of 441,973 shares of common stock during the three months ended March 31, 2024 with a fair value of \$3.6 million on the vesting date. The number of vested shares related to PSUs granted in 2021 was greater than the target PSUs of 350,886. Non-vested PSUs are forfeited upon the recipient's termination of employment, subject to certain exceptions.

As of March 31, 2025 and 2024, there was \$7.2 million and \$4.1 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, 2025 is expected to be recognized over a weighted average period of 2.2 years. Compensation expense related to the PSUs was \$0.7 million and \$0.8 million for the three months ended March 31, 2025 and 2024, respectively.

(c) Restricted Stock Units

During the three months ended March 31, 2025, the Company granted RSUs that had been approved by the Compensation Committee and the Board of Directors. 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 DERs 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. The DERs that vested during the three months ended March 31, 2025 and 2024 were settled in cash.

A summary of the activity of the RSU awards under the 2017 Plan for the three months ended March 31, 2025 and 2024, respectively, is presented below:

	2025		2024	
	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	450,600	\$ 9.59	351,974	\$ 11.65
Granted	1,042,229	5.91	—	—
Vested	(198,297)	10.24	(157,763)	12.45
Forfeited	(92,804)	6.21	—	—
Non-vested RSUs as of March 31	1,201,728	\$ 6.55	194,211	\$ 10.99

⁽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, 2025, 198,297 shares of common stock were issued in connection with the vesting of RSUs at a fair value of \$1.2 million on the vesting date. During the three months ended March 31, 2024, 157,763 shares of common stock were issued in connection with the vesting of RSUs at a fair value of \$1.3 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, 2025 and 2024, there was \$7.1 million and \$1.8 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, 2025 is expected to be recognized over a weighted average period of 2.4 years. Compensation expense related to the RSUs was \$0.7 million and \$0.3 million for the three months ended March 31, 2025 and 2024, respectively.

(d) Deferred Stock Units

Under the 2017 Plan, each DSU granted to non-employee directors represents an unfunded promise to receive one share of the Company's common stock, subject to the non-employee director's continued service on the Board of Directors through the day immediately preceding the annual meeting of the Company's stockholders in the year subsequent to the grant date. Non-vested DSUs are forfeited upon the recipient's termination of service on the Company's Board of Directors.

The DSUs include DERs which shall remain outstanding from the grant date until the earlier of the settlement or forfeiture of the DSU 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 DSU to which such DER relates. Upon vesting of the DSUs, the DERs will also vest. DERs will be forfeited upon forfeiture of the corresponding DSUs. The DERs may be settled in cash or stock at the discretion of the Compensation Committee.

A summary of the activity of the DSU awards under the 2017 Plan for the three months ended March 31, 2025 is presented below:

	2025	
	Number of Non-vested Shares	Weighted Average Per Share Grant Date Fair Value ⁽¹⁾
Non-vested DSUs as of January 1	110,772	\$ 6.50
Granted	—	—
Non-vested DSUs as of March 31	110,772	\$ 6.50

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

As of March 31, 2025, there was \$0.2 million of unrecognized compensation cost related to the non-vested portion of the DSUs. The unrecognized compensation cost related to the non-vested portion of the DSUs at March 31, 2025 is expected to be recognized over a weighted average period of 0.2 years. Compensation expense related to the DSUs was \$0.2 million for the three months ended March 31, 2025.

21. Income Taxes

For the three months ended March 31, 2025 and 2024, 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 expense (benefit) for the three months ended March 31, 2025 and 2024, respectively, is comprised of the following components (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Current income tax expense	\$ 653	\$ 163
Deferred income tax benefit	(5)	(274)
Total income tax expense (benefit)	\$ 648	\$ (111)

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, 2025 and December 31, 2024, respectively, are as follows (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Deferred tax assets		
Net operating loss carryforward	\$ 6,936	\$ 9,671
Capital loss carryover	20,755	16,259
GAAP/Tax basis differences	3,640	11,346
Deferred tax assets	31,331	37,276
Less: Valuation allowance	(25,390)	(26,412)
Net deferred tax assets ⁽¹⁾	5,941	10,864
Deferred tax liabilities		
GAAP/Tax basis differences	4,353	9,282
Deferred tax liabilities ⁽²⁾	4,353	9,282
Total net deferred tax asset	\$ 1,588	\$ 1,582

⁽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, 2025, the Company, through wholly-owned TRSs, had incurred net operating losses in the aggregate amount of approximately \$31.3 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, 2025, the Company, through its wholly-owned TRSs, had also incurred approximately \$93.6 million in capital losses. The Company's carryforward capital losses will expire between 2025 and 2030 if they are not offset by future capital gains.

As of March 31, 2025, 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 a decrease of approximately \$1.0 million. The Company 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.

22. 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, 2025 and 2024, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Interest income		
Residential loans		
Residential loans	\$ 11,018	\$ 11,689
Consolidated SLST	10,740	8,127
Residential loans held in securitization trusts	43,241	26,931
Total residential loans	64,999	46,747
Investment securities available for sale	61,049	32,903
Multi-family loans	2,580	2,642
Other	1,106	1,600
Total interest income	129,734	83,892
Interest expense		
Repurchase agreements	52,489	39,153
Collateralized debt obligations		
Consolidated SLST	6,964	5,801
Residential loan securitizations	30,325	18,376
Non-Agency RMBS re-securitization	1,290	—
Total collateralized debt obligations	38,579	24,177
Senior unsecured notes	4,617	1,626
Subordinated debentures	951	1,073
Total interest expense	96,636	66,029
Net interest income	<u>\$ 33,098</u>	<u>\$ 17,863</u>

23. Other Income (Loss)

The following table details the components of the Company's other income (loss) for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	For the Three Months Ended March 31,	
	2025	2024
Servicing fee income	\$ 1,979	\$ —
(Loss) gain on sale of real estate ⁽¹⁾	(45)	134
Preferred equity and mezzanine loan premiums resulting from early redemption	—	98
Gain on de-consolidation of joint venture equity investment in Consolidated VIEs	—	50
Loss on extinguishment of collateralized debt obligations and mortgages payable on real estate	—	(692)
Provision for uncollectible receivables ⁽²⁾	—	(3,207)
Miscellaneous income	33	25
Total other income (loss)	<u>\$ 1,967</u>	<u>\$ (3,592)</u>

⁽¹⁾ See Notes 8 and 9 for description of nature of transactions out of which items arose.

⁽²⁾ During the three months ended March 31, 2024, the Company recorded a provision for uncollectible receivables for asset management expenses incurred related to a non-accrual multi-family loan that are in excess of anticipated redemption proceeds (*see Note 5*).

24. Segment Reporting

The Company is in the business of acquiring, investing in, financing and managing primarily mortgage-related residential assets (the “investment portfolio”) in the United States and derives its revenues from management of the investment portfolio. The Company’s chief operating decision maker (“CODM”) is the Company’s Chief Executive Officer. The operating results of the Company’s investment portfolio, which includes residential loans, investment securities, multi-family loans and equity investments, including joint venture equity investments in multi-family properties, are regularly reviewed, in the aggregate, by the CODM based upon total assets reported on the condensed consolidated balance sheets and net income (loss) reported on the condensed consolidated statements of operations. The CODM also considers significant, and regularly reviews, consolidated salaries and benefits expense in the amounts of approximately \$7.8 million and \$9.1 million for the three months ended March 31, 2025 and 2024, respectively, which is included in general and administrative expenses in the accompanying condensed consolidated statements of operations.

The CODM utilizes the information reviewed to evaluate Company financial performance, benchmark Company results to those of its peers and monitor actual performance against projected performance. Net income (loss) is a key determinant of the Company’s book value (calculated as the Company’s stockholders’ equity attributable to common stockholders divided by outstanding common shares), a measure that is used by the CODM to evaluate Company performance overall and with respect to its peers and which is a component of the calculation of management’s compensation. Based upon the inputs discussed above, investment portfolio strategy and financing and capital and resource allocations rely on the determination of the CODM. Accordingly, the Company consists of a single operating and reporting segment and the condensed consolidated financial statements and notes thereto are presented as a single reportable segment.

25. Subsequent Events

In April 2025, the Company repurchased 231,200 shares of its common stock pursuant to the common stock repurchase program for a total cost of approximately \$1.5 million, including fees and commissions paid to the broker, representing an average repurchase price of \$6.50 per common share.

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 (the “Securities Act”), 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;
- 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 real estate investment trust (“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”);
- impairments in the value of the collateral underlying our investments;
- our ability to manage or hedge credit risk, interest rate risk, and other financial and operational risks;
- our exposure to liquidity risk, risks associated with the use of leverage, and market risks; 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 markets for residential loans, mortgage-backed securities, structured multi-family investments and other assets in which we invest.

These and other risks, uncertainties and factors, including the risk factors described in our most recent Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q, 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 ARMs” refers to Agency RMBS comprised of adjustable-rate and hybrid adjustable-rate RMBS;
- “Agency fixed-rate RMBS” refers to Agency RMBS comprised of fixed-rate RMBS;
- “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 Governmental National Mortgage Association (“Ginnie Mae”);
- “ARMs” refers to adjustable-rate residential loans;
- “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, the Company’s residential loans held in securitization trusts and a non-Agency RMBS re-securitization 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 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 Real Estate VIEs” refers to Consolidated VIEs that own multi-family properties;
- “Consolidated SLST” refers to Freddie Mac-sponsored residential loan securitizations, comprised of seasoned re-performing and non-performing residential loans, of which we own the first loss subordinated securities and certain IOs, that we consolidate in our financial statements in accordance with GAAP;
- “Consolidated VIEs” refers to VIEs where the Company is the primary beneficiary, as it has both the power to direct the activities that most significantly impact the economic performance of the VIE and a right to receive benefits or absorb losses of the entity that could be potentially significant to the VIE and that we consolidate in our financial statements in accordance with GAAP;
- “excess mortgage servicing spread” or “excess MSR” 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 in multi-family properties;

- “MSRs” refers to mortgage servicing rights that represent the contractual right to service residential loans;
- “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.

Portfolio Update

During the three months ended March 31, 2025, we continued to expand our investment securities and residential loan portfolios. Our investment activity was offset primarily by repayments and sales of investment securities and residential loans. The following table presents the activity for our investment portfolio for the three months ended March 31, 2025 (dollar amounts in thousands):

	December 31, 2024	Acquisitions ⁽¹⁾	Repayments ⁽²⁾	Sales	Fair Value Changes and Other ⁽³⁾	March 31, 2025
Residential loans	\$ 2,876,066	\$ 396,846	\$ (318,611)	\$ (8,352)	\$ 8,069	\$ 2,954,018
Investment securities						
Agency RMBS	3,136,812	1,451,435	(79,607)	—	50,080	4,558,720
Non-Agency RMBS	69,687	—	(586)	(4,573)	(741)	63,787
U.S. Treasury securities	622,045	53,265	—	(658,763)	7,758	24,305
Total investment securities available for sale	3,828,544	1,504,700	(80,193)	(663,336)	57,097	4,646,812
Consolidated SLST ⁽⁴⁾	148,508	—	(3,553)	—	3,106	148,061
Total investment securities	3,977,052	1,504,700	(83,746)	(663,336)	60,203	4,794,873
Preferred equity investments, mezzanine loans and equity investments	199,684	—	(16,900)	—	(1,563)	181,221
Equity investments in consolidated multi-family properties ⁽⁵⁾	151,210	1,274	(450)	—	2,200	154,234
Equity investments in disposal group held for sale ⁽⁶⁾	19,504	3,080	—	—	(2,678)	19,906
Single-family rental properties	142,246	293	—	(988)	(1,435)	140,116
Mortgage servicing rights	21,003	—	—	—	(706)	20,297
Total investment portfolio	\$ 7,386,765	\$ 1,906,193	\$ (419,707)	\$ (672,676)	\$ 64,090	\$ 8,264,665

- (1) Includes draws funded for business purpose bridge loans and existing equity investments in consolidated multi-family properties 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 and net loss from real estate attributable to the Company.
- (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, 2025 and December 31, 2024, respectively, follows (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Residential loans, at fair value	\$ 959,250	\$ 965,672
Deferred interest ^(a)	(5,916)	(5,573)
Less: Collateralized debt obligations, at fair value	(805,273)	(811,591)
Consolidated SLST investment securities owned by NYMT	\$ 148,061	\$ 148,508

(a) Included in other liabilities on our condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024.

- (5) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—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⁾ The Company is repositioning 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 as of March 31, 2025 and December 31, 2024. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—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.

General

We are an internally-managed REIT for U.S. federal income tax purposes, in the business of acquiring, investing in, financing and managing primarily mortgage-related residential assets. Our principal objective is to generate long-term stable earnings for distribution to our stockholders over changing economic conditions with a diversified investment portfolio. Our current investment portfolio includes credit sensitive single-family and multi-family assets, as well as other types of fixed-income investments such as Agency RMBS.

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 income generated in our TRSs.

Executive Summary

Since the second quarter of 2023, we have endeavored to stabilize our portfolio through increased investment activity with a focus on generating recurring income for our stockholders. During this time, our investment strategy focused on assets with less price sensitivity to credit deterioration, like Agency RMBS, and low duration, higher-coupon investments, like business purpose loans, while optimizing financing and growing partnerships with originators to increase acquisition volumes.

Throughout this period, we have achieved solid momentum in our portfolio acquisition activity, acquiring approximately \$4.1 billion of assets during the year ending December 31, 2024, and an additional \$1.9 billion during the three months ended March 31, 2025. These efforts contributed to a 55% increase in interest income and a more than 57% increase in adjusted interest income, a supplemental non-GAAP financial measure, for the first quarter of 2025 over the same period in 2024. In addition, we generated net income attributable to common stockholders of \$0.33 per share and earnings available for distribution, a supplemental non-GAAP financial measure, of \$0.20 per share for the first quarter of 2025, demonstrating continued momentum in portfolio growth and income generation.

In September 2022, we announced that our Board of Directors approved a strategic repositioning of our business through the opportunistic disposition of our joint venture equity investments in multi-family properties over time and the reallocation of the returned capital from such investments to our targeted assets. As of March 31, 2025, we have reduced our exposure to this disposal group of multi-family investments to \$19.9 million over two multi-family properties. We are not currently targeting multi-family investments and anticipate allocating minimal new capital to such investments in the future solely to protect our existing interests. We expect that our multi-family portfolio, including our Mezzanine Lending investments, will wind down over time.

Our targeted investments include (i) residential loans, including business purpose loans, (ii) Agency RMBS, (iii) non-Agency RMBS and (iv) 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, CMBS, collateralized mortgage obligations, MSRs, 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.

As of March 31, 2025, the Company's Recourse Leverage Ratio and Portfolio Recourse Leverage Ratio (as defined in footnotes 4 and 5 to the table under "— Capital Allocation") increased to 3.4x and 3.2x, respectively, from 3.0 and 2.9x, respectively, as of December 31, 2024, primarily due to the financing of highly liquid Agency RMBS. As of March 31, 2025, 62% of our debt, excluding mortgages payable on real estate and Consolidated SLST CDOs, is subject to mark-to-market margin calls, with 57% of that debt collateralized by Agency RMBS and 5% collateralized by residential credit assets. The remaining 38% has no exposure to margin calls relating to collateral repricing by our counterparties. We anticipate a gradual increase in leverage as we further scale our investment portfolio. Nonetheless, we remain committed to prudently managing our liabilities and intend to continue pursuing longer-term, non-mark-to-market financing arrangements for portions of our credit portfolio, which we believe will enhance our liquidity management and better insulate the business from potential market dislocations. In support of this strategy, in January 2025, we completed the issuance of \$82.5 million of our 9.125% Senior Notes due 2030 in an underwritten public offering, receiving \$79.3 million in net proceeds which were predominantly used to purchase Agency RMBS. In the first quarter of 2025 we also completed two new securitizations of residential loans resulting in approximately \$326.3 million of net proceeds to us after deducting expenses associated with the transactions and concurrently redeemed a residential loan securitization with an outstanding balance of approximately \$54.4 million.

Looking ahead, we expect to continue to opportunistically dispose of assets from our multi-family portfolio and generate higher portfolio turnover to pursue investments across the residential housing sector with a focus on acquiring assets capable of growing our interest income. We expect to remain selective in acquiring residential credit assets and are committed to prudently managing our liabilities. 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.

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 and the market value of our assets, which are driven by numerous factors including changes in interest rates and the supply and demand for mortgage-, housing- and credit-related assets in the marketplace, market volatility, our ability to identify and acquire assets on favorable terms, our ability to dispose of assets from time to time on favorable terms, 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 markets experienced volatility and declines in performance in the first quarter of 2025 followed by further deterioration after quarter end, due in part to the implementation of tariffs and trade policy uncertainty. Mortgage-related markets remained challenged in the first quarter of 2025 as borrowers remained sensitive to higher interest rates and origination volumes were down by some measures, among other considerations. The Dow Jones Industrial Average finished the first quarter of 2025 down 1.28%, and the Nasdaq Composite Index finished the first quarter of 2025 down 10.42%. Trade, interest rate and monetary policy uncertainty, mixed inflation data and geopolitical instability have further cautioned a number of economic outlooks, with concerns regarding the potential for stagflation growing. We anticipate that due to uncertainty related to trade policy, inflation, interest rates, monetary policy, the U.S. debt limit and the implementation of the new U.S. presidential administration's policies, markets and the pricing for many of our assets will continue to experience volatility in 2025.

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

Select U.S. Financial and Economic Data. The U.S. economy contracted in the first quarter of 2025 with real gross domestic product ("GDP") decreasing by 0.3% (advanced estimate) annualized rate, as compared to the annualized 2.4% GDP growth in the fourth quarter of 2024 and annualized 1.6% GDP growth in the first quarter of 2024. The first quarter 2025 GDP decrease marks the first quarter of GDP contraction since the first quarter of 2022. In addition to the GDP contraction in the first quarter of 2025, inflation remains persistently above the Federal Reserve's target of two percent, job growth remains robust and U.S. trade policy remains volatile. Uncertainty about how the Federal Reserve may adjust its monetary policy or the target range for the federal funds rate in response to such macroeconomic trends may limit or undermine business activity and the potential for future GDP growth, which could negatively impact the value of credit investments.

The tight U.S. labor market seen in 2024 continued into the first quarter of 2025 with stronger than expected job growth, although increases in the labor force participation rate, in part, drove the unemployment rate marginally higher. According to the U.S. Department of Labor, the U.S. unemployment rate was 4.2% at the end of March 2025, finishing up slightly from the unemployment rate of 4.1% as of the end of December 2024. The number of unemployed persons increased by 0.5 million year-over-year to 7.1 million as of the end of March 2025. There continues to be a disparity between the number of available job openings, 7.6 million as of the end of February 2025, and the number of unemployed persons, resulting in a competitive labor market and rising wages. As of March 2025, average hourly earnings for all employees on non-farm payrolls rose 3.8% year-over-year.

After raising the target range for the federal funds rate a total of 5.25% in 2022 and 2023, bringing the range to its highest level in over 22 years, and holding the range at that target for 14 months, the Federal Reserve cut the target range three times in 2024 for an aggregate reduction of 100 basis points. In considering additional adjustments to the target range for the federal funds rate, the Federal Reserve stated that it will carefully assess incoming data, the evolving outlook, and the balance of risks to the Federal Reserve's dual mandate of achieving maximum employment and inflation at a rate of two percent over the longer run. In its March 2025 statement, the Federal Reserve acknowledged that uncertainty around the economic outlook had increased and that inflation remains somewhat elevated. Such economic uncertainty and elevated inflation along with recently implemented U.S. tariffs have led some market commentators to suggest that the Federal Reserve is likely to make fewer or smaller cuts, if any, to the target range for the federal funds rate in 2025. Higher interest rates tend to put pressure on our investments, mortgage borrowers, tenants, our operating partners, our financing and capital costs and economic growth generally.

After receding in 2024, fears of an economic recession in the U.S. resurfaced in the start of 2025 due in part to the Trump administration's tariff and trade policies. 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." An April 2025 survey of economists by the Wall Street Journal indicated that the respondents believed that the probability of a recession in the next twelve months is at 45%, the highest probability indicated by the Wall Street Journal's survey since late 2023. The economists surveyed by the Wall Street Journal attribute the increased likelihood of a recession in the next twelve months to significant reductions in their expectations for GDP growth, driven by U.S. tariff and trade policy and inflation concerns, among other factors. Tariffs are often considered to be inflationary, including with respect to construction costs, with such higher costs frequently borne by consumers. Higher prices resulting from tariffs may generally lead to a reduction in economic activity, particularly if such increase in prices is not offset by a reduction in interest rates. Moreover, uncertainty with respect to the global trading system has unnerved markets, including the bond market, and may be reflective of broader fears regarding the U.S. and global economic stability. An economic recession, stagnating economic growth or market disruption may put pressure on the ability of our operating partners, joint ventures, tenants and borrowers to meet their obligations to us, and would likely adversely impact the value of our assets, among other things, any of which could materially adversely affect our results of operations and financial condition.

Single-Family Homes and Residential Mortgage Market. In the first three months of 2025, the residential real estate market remained competitive for home buyers. Data released by the S&P Dow Jones Indices for their S&P CoreLogic Case-Shiller National Home Price NSA Indices for March 2025 showed that, on average, home prices increased 4.7% for the 20-City Composite over March 2024. Additionally, according to the National Association of Realtors ("NAR"), existing home sales in February 2025 increased 4.2% month-over-month, down 1.2% year-over-year. NAR also reported that the median existing-home sales price for all housing types in February 2025 was \$398,400, up 3.8% from \$383,800 in February 2024. However, the residential real estate market has shown some preliminary signs of potential moderation. NAR notes that total housing inventory as of the end of February 2025 was up 17% year-over-year and that the supply of unsold housing inventory sat at 3.5 months as of the end of February 2025, up 3.0 months from February 2024. Additionally, according to Zillow Economic Research, the inventory of available homes at the end of March 2025 amounted to the most homes available in March since 2020. However, relatively elevated interest rates continue to contribute to affordability challenges for home buyers. According to Freddie Mac, the weekly average 30-year fixed-rate mortgage was 6.83% as of April 17, 2025, down 0.27% year-over-year. 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 1,012,333 for the three months ended March 31, 2025, as compared to 1,013,583 for the twelve months ended December 31, 2024. 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 359,333 for the three months ended March 31, 2025, as compared to 336,167 for the twelve months ended December 31, 2024. According to RealPage Analytics, effective rents for professionally managed apartments grew 1.1% for the twelve months ended March 2025, which marked the highest such twelve month growth since June 2024, but RealPage Analytics noted that this rent growth was not uniform nationwide and that effective rents in the Southeast and Texas, where oversupply conditions remain challenging and where a significant amount of our multi-family investments are concentrated, saw effective rents contract for the twelve months ended March 2025. Weakening multi-family housing fundamentals, including, among other things, increasing supply of apartments and declining rents in the markets or submarkets 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.

Credit Spreads. Investment grade and high-yield credit spreads both widened over the course of the first quarter of 2025 with investment grade spreads finishing 15 basis points higher than the start of the first quarter of 2025 and high-yield spreads finishing 63 basis points higher than the start of the first quarter of 2025. 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. From June 2022 until the end of August 2024, the Treasury curve inverted with short term yields greater than long term yields, which was the longest inverted Treasury curve on record. Inversions and subsequent normalizations of this spread are generally considered to be indicators of a recession in the near term, although some market commentators have cautioned against August 2024's uninversion being such an indicator. On March 31, 2025, the spread between the 2-Year U.S. Treasury yield and the 10-Year U.S. Treasury yield closed at 34 basis points, as compared to a 33 basis point spread on December 31, 2024. 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. As of the start of April 2025, the Federal Reserve continues to shrink its balance sheet by allowing \$5 billion of U.S. Treasuries and \$35 billion of Agency RMBS to roll off its balance sheet each month. As of April 16, 2025, the Federal Reserve held about \$6.7 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. Then, from March 2022 through July 2023, the Federal Reserve increased the federal funds rate eleven times to bring the target range for the federal funds rate to 5.25% to 5.50% where it remained until the last four months of 2024 when the Federal Reserve cut the target range three times for an aggregate reduction of 100 basis points. When announcing its rate cuts at the end of 2024, the Federal Reserve stated that inflation had made progress toward the Federal Reserve's objective of achieving an inflation rate of two percent over the longer run and that, in light of this progress on inflation and considering the risks to the Federal Reserve's second objective of achieving maximum employment, a cut to the target range was appropriate. Since its December 2024 meeting through its March 2025 meeting, the Federal Reserve did not make any further changes to the target range for the federal funds rate. The Federal Reserve noted in its March 2025 statement that any future cuts to the target range for the federal funds rate will depend on a careful assessment of incoming data, the evolving outlook, and the balance of risks to its dual mandate of achieving maximum employment and an inflation rate of two percent. As reflected on the "dot plot" included in the projection materials from the Federal Reserve's March 2025 meeting, most Federal Reserve officials indicated that an additional 50 basis points or more in cuts to the target range for the federal funds rate by the end of 2025 would be appropriate. However, such projections were released prior to the announcement of President Trump's tariff and trade policies. The Federal Reserve's March 2025 statement noting the increase in economic uncertainty along with the forecasted effects of tariffs on the U.S. economy and inflation have cautioned some market commentators' expectations of the number and extent of further cuts, if any, to the target range for the federal funds rate in 2025.

Uncertainty exists regarding the U.S. debt limit, which is the statutory maximum amount of money that the U.S. government may borrow to meet its existing obligations. The U.S. government reached the debt limit in the middle of January 2025 and the U.S. Treasury began taking "extraordinary measures" to keep the U.S. from breaching its obligations. The U.S. Congress must approve any increases to or suspensions of the U.S. debt limit. If the U.S. debt limit is not increased or suspended before the effectiveness of such extraordinary measures is exhausted, which some estimate will be sometime between mid-July and early October of 2025, the U.S. government may default on its obligations causing severe economic consequences. A default of the U.S. government on its obligations may also cause yields on U.S. Treasuries, and interest rates broadly, to rise, among other things. A weakened economy and/or higher interest rates may put pressure on the ability of our operating partners, tenants and borrowers to meet their obligations to us, and would likely adversely impact the value of our assets, among other things, any of which could materially adversely affect our results of operations and financial condition.

In September 2008, the U.S. Government placed Fannie Mae and Freddie Mac into the conservatorship of the FHFA in order to preserve and conserve their assets and property and restore them to a sound and solvent condition so they can continue to fulfill their statutory missions. In President Trump's first term, his administration sought to end the conservatorships of Fannie Mae and Freddie Mac, but so far into his second term, President Trump's administration has indicated openness to ending the conservatorships but has not otherwise explicitly expressed its intentions with respect to the conservatorships. However, some market and political commentators believe President Trump may seek to end the conservatorships of Fannie Mae and Freddie Mac. Together, Fannie Mae and Freddie Mac guarantee a significant amount of the nearly \$13 trillion U.S. Home loan market. If the conservatorships of Fannie Mae and Freddie Mac were ended, Fannie Mae and Freddie Mac may need to hold additional capital against riskier loans which may, in turn, cause Fannie Mae and Freddie Mac to charge borrowers higher mortgage rates or to lessen the amount of their lending, among other things. We invest in Agency RMBS and other mortgage-related assets that may be guaranteed by Fannie Mae or Freddie Mac. Higher interest rates tend to put pressure on our investments, mortgage borrowers, tenants, our operating partners and economic growth generally. For further discussion, please see the risk factor titled "The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in such conservatorship or laws and regulations affecting the relationship between Fannie Mae, Freddie Mac and Ginnie Mae and the U.S. Government, may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our shareholders" in Part I, Item "1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024.

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, U.S. tariff and trade policies 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 2025 Summary

Earnings and Return Metrics

The following table presents key earnings and return metrics for the three months ended March 31, 2025 (dollar amounts in thousands, except per share data):

	Three Months Ended March 31, 2025
Net income attributable to Company's common stockholders	\$ 30,285
Net income attributable to Company's common stockholders per share (basic)	\$ 0.33
Earnings available for distribution attributable to Company's common stockholders ⁽¹⁾	\$ 18,194
Earnings available for distribution per common share ⁽¹⁾	\$ 0.20
Yield on average interest earning assets ⁽¹⁾⁽²⁾	6.47 %
Interest income	\$ 129,734
Interest expense	\$ 96,636
Net interest income	\$ 33,098
Net interest spread ⁽¹⁾⁽³⁾	1.32 %
Book value per common share at the end of the period	\$ 9.37
Adjusted book value per common share at the end of the period ⁽¹⁾	\$ 10.43
Economic return on book value ⁽⁴⁾	3.13 %
Economic return on adjusted book value ⁽⁵⁾	2.71 %
Dividends per common share	\$ 0.20

⁽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 2025

Investing Activities

- Purchased approximately \$1.5 billion of Agency RMBS with an average coupon of 5.35%.
- Purchased approximately \$396.8 million in residential loans with an average gross coupon of 9.33%.
- Received approximately \$22.1 million in proceeds from the redemption of a Mezzanine Lending investment.

Financing Activities

- Completed the issuance of \$82.5 million in aggregate principal amount of our 9.125% Senior Notes due 2030 in an underwritten public offering. The total proceeds to us from the offering of the notes, after the underwriters' discount and commissions and offering expenses, were approximately \$79.3 million.
- Completed two securitizations of residential loans, resulting in approximately \$326.3 million in net proceeds to us after deducting expenses associated with the transaction. We utilized a portion of the net proceeds to redeem one residential loan securitization with an outstanding balance of approximately \$54.4 million at the time of redemption.

Subsequent Events

- In April 2025, the Company repurchased 231,200 shares of its common stock pursuant to the common stock repurchase program for a total cost of approximately \$1.5 million, including fees and commissions paid to the broker, representing an average repurchase price of \$6.50 per common share.

Capital Allocation

The following provides an overview of the allocation of our total equity as of March 31, 2025 and December 31, 2024, 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 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands).

At March 31, 2025:

	Single-Family	Multi-Family	Corporate/Other	Total
Residential loans	\$ 3,913,268	\$ —	\$ —	\$ 3,913,268
Consolidated SLST CDOs	(805,273)	—	—	(805,273)
Investment securities available for sale	4,622,507	—	24,305	4,646,812
Multi-family loans	—	87,222	—	87,222
Equity investments	—	54,362	39,637	93,999
Equity investments in consolidated multi-family properties ⁽¹⁾	—	154,234	—	154,234
Equity investments in disposal group held for sale ⁽²⁾	—	19,906	—	19,906
Single-family rental properties	140,116	—	—	140,116
Mortgage servicing rights	20,297	—	—	20,297
Total investment portfolio carrying value	7,890,915	315,724	63,942	8,270,581
Liabilities:				
Repurchase agreements	(4,461,543)	—	(24,173)	(4,485,716)
Collateralized debt obligations				
Residential loan securitization CDOs	(2,312,026)	—	—	(2,312,026)
Non-Agency RMBS re-securitization	(69,515)	—	—	(69,515)
Senior unsecured notes	—	—	(238,848)	(238,848)
Subordinated debentures	—	—	(45,000)	(45,000)
Cash, cash equivalents and restricted cash ⁽³⁾	87,058	—	183,414	270,472
Cumulative adjustment of redeemable non-controlling interest to estimated redemption value	—	(46,011)	—	(46,011)
Other	96,670	(1,633)	(37,028)	58,009
Net Company capital allocated	\$ 1,231,559	\$ 268,080	\$ (97,693)	\$ 1,401,946
Company Recourse Leverage Ratio ⁽⁴⁾				3.4 x
Portfolio Recourse Leverage Ratio ⁽⁵⁾				3.2 x

⁽¹⁾ Represents the Company's equity investments in consolidated multi-family properties that are not in disposal group held for sale. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—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⁾ Represents the Company's equity investments in consolidated multi-family properties that are held for sale in disposal group. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—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 \$5.7 million held in the Company's equity investments in consolidated multi-family properties and equity investments in consolidated multi-family properties in disposal group held for sale. Restricted cash of \$97.3 million 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 \$9.3 million, Consolidated SLST CDOs amounting to \$805.3 million, residential loan securitization CDOs amounting to \$2.3 billion, non-Agency RMBS re-securitization CDOs amounting to \$69.5 million and mortgages payable on real estate, including mortgages payable on real estate of disposal group held for sale, totaling \$454.8 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, 2024:

	Single-Family	Multi-Family	Corporate/Other	Total
Residential loans	\$ 3,841,738	\$ —	\$ —	\$ 3,841,738
Consolidated SLST CDOs	(811,591)	—	—	(811,591)
Investment securities available for sale	3,206,499	—	622,045	3,828,544
Multi-family loans	—	86,192	—	86,192
Equity investments	—	74,774	38,718	113,492
Equity investments in consolidated multi-family properties ⁽¹⁾	—	151,210	—	151,210
Equity investments in disposal group held for sale ⁽²⁾	—	19,504	—	19,504
Single-family rental properties	142,246	—	—	142,246
Mortgage servicing rights	21,003	—	—	21,003
Total investment portfolio carrying value	6,399,895	331,680	660,763	7,392,338
Liabilities:				
Repurchase agreements	(3,377,161)	—	(635,064)	(4,012,225)
Collateralized debt obligations				
Residential loan securitization CDOs	(2,096,096)	—	—	(2,096,096)
Non-Agency RMBS re-securitization	(70,757)	—	—	(70,757)
Senior unsecured notes	—	—	(159,196)	(159,196)
Subordinated debentures	—	—	(45,000)	(45,000)
Cash, cash equivalents and restricted cash ⁽³⁾	115,926	—	208,948	324,874
Cumulative adjustment of redeemable non-controlling interest to estimated redemption value	—	(40,675)	—	(40,675)
Other	138,012	(1,864)	(34,691)	101,457
Net Company capital allocated	\$ 1,109,819	\$ 289,141	\$ (4,240)	\$ 1,394,720
Company Recourse Leverage Ratio ⁽⁴⁾				3.0 x
Portfolio Recourse Leverage Ratio ⁽⁵⁾				2.9 x

- (1) Represents the Company's equity investments in consolidated multi-family properties that are not in disposal group held for sale. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—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) Represents the Company's equity investments in consolidated multi-family properties that are held for sale in disposal group. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—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 \$6.6 million held in the Company's equity investments in consolidated multi-family properties and equity investments in consolidated multi-family properties in disposal group held for sale. Restricted cash of \$161.6 million 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 \$11.0 million, Consolidated SLST CDOs amounting to \$811.6 million, residential loan securitization CDOs amounting to \$2.1 billion, non-Agency RMBS re-securitization CDOs amounting to \$70.8 million and mortgages payable on real estate, including mortgages payable on real estate of disposal group held for sale, totaling \$460.0 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, 2025 and 2024, 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, 2025 are greater or less than the results from the respective period in 2024. Unless otherwise specified, references in this section to increases or decreases in 2025 refer to the change in results for the three months ended March 31, 2025 when compared to the three months ended March 31, 2024.

The following table presents the main components of our net income (loss) for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands, except per share data):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Interest income	\$ 129,734	\$ 83,892	\$ 45,842
Interest expense	96,636	66,029	30,607
Net interest income	33,098	17,863	15,235
Net loss from real estate	(2,235)	(16,369)	14,134
Total other income (loss)	31,952	(57,323)	89,275
General and administrative expenses	12,414	13,054	(640)
Portfolio operating expenses	7,206	7,742	(536)
Debt issuance costs	5,482	3,545	1,937
Income (loss) from operations before income taxes	37,713	(80,170)	117,883
Income tax expense (benefit)	648	(111)	759
Net loss attributable to non-controlling interests	5,090	22,158	(17,068)
Net income (loss) attributable to Company	42,155	(57,901)	100,056
Preferred stock dividends	(11,870)	(10,439)	(1,431)
Net income (loss) attributable to Company's common stockholders	30,285	(68,340)	98,625
Basic earnings (loss) per common share	\$ 0.33	\$ (0.75)	\$ 1.08
Diluted earnings (loss) per common share	\$ 0.33	\$ (0.75)	\$ 1.08

Interest Income and Interest Expense

Interest income increased in 2025 primarily due to increased investments in Agency RMBS and business purpose loans. The increase in interest expense in 2025 was due primarily to an increase in financing obtained to fund investing activity through repurchase agreements and securitizations as well as issuance of senior unsecured notes.

Net Loss from Real Estate

The following table presents the components of net loss from real estate for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Income from real estate	\$ 20,655	\$ 38,076	\$ (17,421)
Expenses related to real estate:			
Interest expense, mortgages payable on real estate	(6,007)	(20,769)	14,762
Depreciation expense on operating real estate	(5,895)	(11,149)	5,254
Amortization of lease intangibles related to operating real estate	—	(1,427)	1,427
Other real estate expenses	(10,988)	(21,100)	10,112
Total expenses related to real estate	(22,890)	(54,445)	31,555
Net loss from real estate	\$ (2,235)	\$ (16,369)	\$ 14,134

The decrease in net loss from real estate in 2025 was primarily attributable to a reduction in expenses as a result of the sale or de-consolidation, since March 31, 2024, of certain multi-family real estate assets owned by entities in which we had joint venture equity investments. Rental income also decreased in 2025 due to the aforementioned sales or de-consolidation of multi-family real estate assets.

Other Income (Loss)

Realized Losses, Net

The following table presents the components of realized losses, net recognized for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Residential loans and real estate owned	\$ (14,282)	\$ (10,164)	\$ (4,118)
Investment securities	(26,818)	(369)	(26,449)
Total realized losses, net	\$ (41,100)	\$ (10,533)	\$ (30,567)

In 2025, we recognized net realized losses of \$26.8 million, primarily related to the sale of U.S. Treasury securities. The net realized losses on our U.S. Treasury securities were largely offset by realized gains on our derivative instruments, as discussed below. Net realized losses related to our residential loan portfolio increased in 2025, primarily as a result of increased losses on foreclosed properties. Realized losses recognized on conversion of residential loans to real estate owned assets were largely offset by the reversal of previously recognized unrealized losses associated with the residential loans.

Net realized losses in 2024 included losses incurred on foreclosed properties, losses recognized on the sale of certain performing and non-performing residential loans and losses on write-downs of non-Agency RMBS.

Unrealized Gains (Losses), Net

The following table presents the components of unrealized gains (losses), net recognized for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Residential loans	\$ 30,356	\$ (2,968)	\$ 33,324
Consolidated SLST	3,264	(36)	3,300
CDOs at fair value	(4,674)	1,637	(6,311)
Senior unsecured notes at fair value	3,049	—	3,049
Preferred equity and mezzanine loan investments	410	(4,777)	5,187
Investment securities	86,504	(33,246)	119,750
Mortgage servicing rights	(706)	—	(706)
Total unrealized gains (losses), net	<u>\$ 118,203</u>	<u>\$ (39,390)</u>	<u>\$ 157,593</u>

We recognized net unrealized gains in 2025 primarily due to a decrease in interest rates, which impacted the pricing of our investment securities and residential loans. The net unrealized gains on our investment securities were partially offset by unrealized losses on our derivative instruments, as discussed below.

In 2024 we recognized net unrealized losses, largely due to increases in interest rates, which primarily impacted the pricing of our Agency RMBS. The net unrealized losses on our investment securities were more than offset by unrealized gains on our derivative instruments, as discussed below.

(Losses) Gains on Derivative Instruments, Net

The following table presents the components of (losses) gains on derivative investments, net for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Unrealized (losses) gains on derivative instruments	\$ (71,278)	\$ 45,034	\$ (116,312)
Realized gains (losses) on derivative instruments	24,476	4,177	20,299
Total (losses) gains on derivative instruments, net	<u>\$ (46,802)</u>	<u>\$ 49,211</u>	<u>\$ (96,013)</u>

We recognized net losses on derivative instruments in 2025, primarily due to decreases in interest rates which resulted in lower valuations of our interest rate swaps. This was partially offset by gains realized on contract terminations and net payments received on instruments in 2025.

We recognized net unrealized gains on derivative instruments in 2024 due to an increase in interest rates, which resulted in higher valuations of our interest rate swaps and interest rate caps. The Company also recognized realized gains on contract terminations and net payments received on instruments in 2024.

Income (Loss) from Equity Investments

The following table presents the components of income (loss) from equity investments for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Preferred return on preferred equity investments accounted for as equity	\$ 2,207	\$ 3,517	\$ (1,310)
Unrealized gains, net on preferred equity investments accounted for as equity	689	86	603
Loss from unconsolidated joint venture equity investments in multi-family properties	(227)	(4,050)	3,823
Income (loss) from entity that originates residential loans	920	(1,689)	2,609
Total income (loss) from equity investments	<u>\$ 3,589</u>	<u>\$ (2,136)</u>	<u>\$ 5,725</u>

The increase in income from equity investments in 2025 was primarily due to 1) less significant unrealized losses recognized on unconsolidated joint venture equity investments in multi-family properties due to lower remaining investment balances, 2) increased income from an entity that originates residential loans due to increased origination volume and profitability and 3) unrealized gains recognized on preferred equity investments accounted for as equity as a result of improved underlying property performance. These increases were partially offset by a decrease in preferred return on preferred equity investments accounted for as equity as a result of redemptions that have occurred since March 31, 2024.

Impairment of Real Estate

The following table presents impairment of real estate for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Impairment of real estate	\$ (3,905)	\$ (36,247)	\$ 32,342

The decrease in impairment of real estate recognized in 2025 can be attributed to the sale or de-consolidation of a significant portion of our multi-family real estate assets since March 31, 2024. In 2024, we recognized impairment losses on certain multi-family real estate assets due to lower valuations driven by a decrease in net operating income estimates and wider cap rates.

In 2025, we also recognized less impairment losses on certain single-family rental properties transferred to held for sale as a result of the remeasurement of those assets to estimated fair value less costs to sell as compared to the prior period.

Loss on Reclassification of Disposal Group

The following table presents loss on reclassification of disposal group for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Loss on reclassification of disposal group	\$ —	\$ (14,636)	\$ 14,636

One joint venture equity investment was reclassified from disposal group held for sale during the three months ended March 31, 2024. As a result of this transfer, we adjusted the carrying value of the long-lived assets in the Consolidated Real Estate VIE to the lower of the carrying amount before the assets were classified as held for sale adjusted for depreciation and amortization expense that would have been recognized had the assets been continuously classified as held and used and the fair value of the assets at the date of the transfer and recognized an approximately \$14.6 million loss on reclassification of disposal group during the three months ended March 31, 2024.

During 2025, there were no joint venture equity investments reclassified from disposal group held for sale.

Other Income (Loss)

The following table presents the components of other income (loss) for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
Servicing fee income	\$ 1,979	\$ —	\$ 1,979
(Loss) gain on sale of real estate	(45)	134	(179)
Preferred equity and mezzanine loan premiums resulting from early redemption	—	98	(98)
Gain on de-consolidation of joint venture equity investment in Consolidated VIEs	—	50	(50)
Loss on extinguishment of collateralized debt obligations and mortgages payable on real estate	—	(692)	692
Provision for uncollectible receivables	—	(3,207)	3,207
Miscellaneous income	33	25	8
Total other income (loss)	\$ 1,967	\$ (3,592)	\$ 5,559

Other income increased in 2025 primarily due to the absence of a provision for uncollectible receivables that was recorded in the prior period. The provision related to asset management expenses incurred on a non-accrual multi-family loan which exceeded the anticipated redemption proceeds. Additionally, other income benefited from the recognition of servicing fee income in the current period related to mortgage servicing rights acquired in late 2024.

Expenses

The following tables present the components of general and administrative expenses, portfolio operating expenses, and debt issuance costs for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
General and Administrative Expenses			
Salaries, benefits and directors' compensation	\$ 9,070	\$ 9,273	\$ (203)
Professional fees	1,188	1,624	(436)
Other	2,156	2,157	(1)
Total general and administrative expenses	\$ 12,414	\$ 13,054	\$ (640)

The decrease in general and administrative expenses in 2025 is primarily related to a decrease in tax advisory and consulting fees as well as decreases in salary and stock based compensation expenses resulting from the Company's restructuring efforts.

	Three Months Ended March 31,		
	2025	2024	\$ Change
Portfolio operating expenses	\$ 7,206	\$ 7,742	\$ (536)

The decrease in portfolio operating expenses in 2025 is primarily related to a decrease in expenses related to management of the business purpose loan portfolio, partially offset by an increase in residential loan servicing fees driven by growth in the size of the loan portfolio since March 31, 2024.

	Three Months Ended March 31,		
	2025	2024	\$ Change
Securitization transaction costs	\$ 2,283	\$ 3,545	\$ (1,262)
Senior unsecured notes transaction costs	3,199	—	3,199
Total debt issuance costs	\$ 5,482	\$ 3,545	\$ 1,937

In 2025, we recognized debt issuance costs related to two residential loan securitizations and the issuance of senior unsecured notes that were expensed as incurred as a result of the fair value option election.

In 2024, we recognized debt issuance costs related to two residential loan securitizations.

Comprehensive Income (Loss)

The main components of comprehensive income (loss) for the three months ended March 31, 2025 and 2024, respectively, are detailed in the following table (dollar amounts in thousands):

	Three Months Ended March 31,		
	2025	2024	\$ Change
NET INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 30,285	\$ (68,340)	\$ 98,625
OTHER COMPREHENSIVE INCOME			
Reclassification adjustment for net loss included in net loss	—	4	(4)
TOTAL OTHER COMPREHENSIVE INCOME	—	4	(4)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMPANY'S COMMON STOCKHOLDERS	\$ 30,285	\$ (68,336)	\$ 98,621

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. 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, 2025, all 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, 2025 (amounts in thousands, except per share data):

	Three Months Ended March 31, 2025		
	Amount	Shares	Per Share ⁽¹⁾
Beginning Balance	\$ 840,610	90,575	\$ 9.28
Common stock issuance, net ⁽²⁾	861	(46)	
Balance after share activity	841,471	90,529	9.30
Adjustment of redeemable non-controlling interest to estimated redemption value	(5,337)		(0.06)
Dividends and dividend equivalents declared	(18,583)		(0.20)
Net income attributable to Company's common stockholders	30,285		0.33
Ending Balance	<u>\$ 847,836</u>	<u>90,529</u>	<u>\$ 9.37</u>

⁽¹⁾ Outstanding shares used to calculate book value per common share for the three months ended March 31, 2025 are 90,529,421.

⁽²⁾ Includes amortization of stock based compensation.

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 (loss), yield on average interest earning assets, average financing cost, net interest spread, earnings available for distribution 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 (Loss) 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, investment securities 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 (loss) and net interest spread (both supplemental non-GAAP financial measures) are impacted by factors such as our cost of financing, including our hedging costs, 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 (loss) 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 as our GAAP interest income reduced by the interest expense recognized on Consolidated SLST CDOs,
- adjusted interest expense – calculated as our GAAP interest expense reduced by the interest expense recognized on Consolidated SLST CDOs and adjusted to include the net interest component of interest rate swaps,
- adjusted net interest income (loss) – 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.

These measures remove the impact of Consolidated SLST that we consolidate in accordance with GAAP and include the net interest component of interest rate swaps utilized to hedge the variable cash flows associated with our variable-rate borrowings, which is included in (losses) gains on derivative instruments, net in the Company's condensed consolidated statements of operations. With respect to Consolidated SLST, we only include 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. We include the net interest component of interest rate swaps in these measures to more fully represent the cost of our financing strategy.

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.

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 (loss), yield on average interest earning assets, average financing cost and net interest spread for the three months ended March 31, 2025 and 2024, respectively (dollar amounts in thousands):

Three Months Ended March 31, 2025

	Single-Family ⁽⁸⁾	Multi-Family	Corporate/Other	Total
Adjusted Interest Income ⁽¹⁾⁽²⁾	\$ 115,968	\$ 2,605	\$ 4,197	\$ 122,770
Adjusted Interest Expense ⁽¹⁾	(76,416)	—	(10,144)	(86,560)
Adjusted Net Interest Income (Loss) ⁽¹⁾	<u>\$ 39,552</u>	<u>\$ 2,605</u>	<u>\$ (5,947)</u>	<u>\$ 36,210</u>
Average Interest Earning Assets ⁽³⁾	\$ 7,086,396	\$ 86,415	\$ 418,681	\$ 7,591,492
Average Interest Bearing Liabilities ⁽⁴⁾	\$ 6,076,299	\$ —	\$ 738,871	\$ 6,815,170
Yield on Average Interest Earning Assets ⁽¹⁾⁽⁵⁾	6.55 %	12.06 %	4.01 %	6.47 %
Average Financing Cost ⁽¹⁾⁽⁶⁾	(5.10)%	—	(5.57)%	(5.15)%
Net Interest Spread ⁽¹⁾⁽⁷⁾	<u>1.45 %</u>	<u>12.06 %</u>	<u>(1.56)%</u>	<u>1.32 %</u>

Three Months Ended March 31, 2024

	Single-Family ⁽⁸⁾	Multi-Family	Corporate/Other	Total
Adjusted Interest Income ⁽¹⁾⁽²⁾	\$ 75,426	\$ 2,665	\$ —	\$ 78,091
Adjusted Interest Expense ⁽¹⁾	(48,762)	—	(3,134)	(51,896)
Adjusted Net Interest Income (Loss) ⁽¹⁾	<u>\$ 26,664</u>	<u>\$ 2,665</u>	<u>\$ (3,134)</u>	<u>\$ 26,195</u>
Average Interest Earning Assets ⁽³⁾	\$ 4,798,871	\$ 95,382	\$ 1,000	\$ 4,895,253
Average Interest Bearing Liabilities ⁽⁴⁾	\$ 3,895,156	\$ —	\$ 219,298	\$ 4,114,454
Yield on Average Interest Earning Assets ⁽¹⁾⁽⁵⁾	6.29 %	11.18 %	—	6.38 %
Average Financing Cost ⁽¹⁾⁽⁶⁾	(5.03)%	—	(5.75)%	(5.07)%
Net Interest Spread ⁽¹⁾⁽⁷⁾	<u>1.26 %</u>	<u>11.18 %</u>	<u>(5.75)%</u>	<u>1.31 %</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 and non-Agency RMBS re-securitization CDOs, 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, among other things, 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 (loss).

For the three-month period, adjusted interest income increased by approximately \$44.7 million, primarily due to an increase in interest earnings assets driven by increased investment in Agency RMBS and residential loans since March 31, 2024. Yield on average interest earnings assets also increased, primarily driven by our continued investment in higher yielding business purpose loans.

Adjusted interest expense increased for the three-month period by approximately \$34.7 million as a result of increased financing obtained to fund investing activity through repurchase agreements and securitizations as well as issuance of senior unsecured notes. Average financing cost increased for the three-month period primarily due to the issuance of new securitizations and corporate debt at higher interest rates than our then-average financing costs.

A reconciliation of GAAP interest income to adjusted interest income, GAAP interest expense to adjusted interest expense and GAAP total net interest income (loss) to adjusted net interest income (loss) for the three months ended March 31, 2025 and 2024, respectively, is presented below (dollar amounts in thousands):

	Three Months Ended March 31,							
	2025				2024			
	Single-Family	Multi-Family	Corporate/Other	Total	Single-Family	Multi-Family	Corporate/Other	Total
GAAP interest income	\$ 122,932	\$ 2,605	\$ 4,197	\$ 129,734	\$ 81,227	\$ 2,665	\$ —	\$ 83,892
GAAP interest expense	(85,560)	—	(11,076)	(96,636)	(61,740)	—	(4,289)	(66,029)
GAAP total net interest income (loss)	\$ 37,372	\$ 2,605	\$ (6,879)	\$ 33,098	\$ 19,487	\$ 2,665	\$ (4,289)	\$ 17,863
GAAP interest income	\$ 122,932	\$ 2,605	\$ 4,197	\$ 129,734	\$ 81,227	\$ 2,665	\$ —	\$ 83,892
Adjusted for:								
Consolidated SLST CDO interest expense	(6,964)	—	—	(6,964)	(5,801)	—	—	(5,801)
Adjusted interest income	\$ 115,968	\$ 2,605	\$ 4,197	\$ 122,770	\$ 75,426	\$ 2,665	\$ —	\$ 78,091
GAAP interest expense	\$ (85,560)	\$ —	\$ (11,076)	\$ (96,636)	\$ (61,740)	\$ —	\$ (4,289)	\$ (66,029)
Adjusted for:								
Consolidated SLST CDO interest expense	6,964	—	—	6,964	5,801	—	—	5,801
Net interest benefit of interest rate swaps	2,180	—	932	3,112	7,177	—	1,155	8,332
Adjusted interest expense	\$ (76,416)	\$ —	\$ (10,144)	\$ (86,560)	\$ (48,762)	\$ —	\$ (3,134)	\$ (51,896)
Adjusted net interest income (loss)	\$ 39,552	\$ 2,605	\$ (5,947)	\$ 36,210	\$ 26,664	\$ 2,665	\$ (3,134)	\$ 26,195

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

Earnings Available for Distribution

Previously, we presented undepreciated earnings (loss) as a supplemental non-GAAP financial measure comparable to GAAP net income (loss) attributable to Company's common stockholders. Commencing with the quarter ended March 31, 2025, we have discontinued disclosure of undepreciated earnings (loss). Beginning with the quarter ended March 31, 2025, we are presenting earnings available for distribution attributable to Company's common stockholders ("EAD") (and by calculation, EAD per common share) as a supplemental non-GAAP financial measure comparable to GAAP net income (loss) attributable to Company's common stockholders.

When presented in prior periods, undepreciated earnings (loss) was calculated as GAAP net income (loss) attributable to Company's common stockholders excluding the Company's share in depreciation expense and lease intangible amortization expense, if any, related to operating real estate, net for which an impairment has not been recognized. Over the past two years, we have executed a strategic repositioning of our business through the disposition of certain joint venture equity investments in multi-family properties and acquisition of assets that expand our interest income levels, such as Agency RMBS and business purpose loans. As a result, we believe EAD provides a clearer indication of the current income generating capacity of the Company's business operations than undepreciated earnings (loss) and we present EAD and EAD per common share as supplemental non-GAAP financial measures.

EAD is defined as GAAP net income (loss) attributable to Company's common stockholders excluding (a) realized and unrealized gains (losses), (b) gains (losses) on derivative instruments (excluding the net interest benefit of interest rate swaps), (c) impairment of real estate, (d) loss on reclassification of disposal group, (e) other non-recurring gains (losses), (f) depreciation and amortization of operating real estate, (g) non-cash expenses, (h) non-recurring transaction expenses, (i) the income tax effect of non-EAD income (loss) items and (j) EAD adjustments attributable to non-controlling interests.

We believe EAD provides management, analysts and investors with additional details regarding our underlying operating results and investment portfolio trends by excluding certain unrealized, non-cash or non-recurring components of GAAP net income (loss) in order to provide additional transparency into the operating performance of our portfolio. In addition, EAD serves as a useful indicator for investors in evaluating our performance and facilitates comparisons to industry peers and period to period. EAD should not be utilized in isolation, nor should it be considered as a substitute for or superior to GAAP net income (loss) attributable to Company's common stockholders or GAAP net income (loss) attributable to Company's common stockholders per basic share. Our presentation of EAD may not be comparable to similarly-titled measures of other companies, who may use different calculations. We may add additional reconciling items to our EAD calculation as appropriate.

We view EAD as one measure of our investment portfolio's ability to generate income for distribution to common stockholders. EAD is one factor, but not the exclusive factor, that our Board of Directors uses to determine the amount, if any, of dividends on our common stock. Other factors that our Board of Directors may consider when determining the amount, if any, of dividends on our common stock include, among others, 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. EAD should not be considered as an indication of our REIT taxable income, a guaranty of our ability to pay dividends, or as a proxy for the amount of dividends we may pay, as EAD excludes certain items that impact our liquidity.

A reconciliation of GAAP net income (loss) attributable to Company's common stockholders to EAD for the three months ended March 31, 2025 and 2024, respectively, is presented below (amounts in thousands, except per share data):

	For the Three Months Ended March 31,	
	2025	2024
GAAP net income (loss) attributable to Company's common stockholders	\$ 30,285	\$ (68,340)
Adjustments:		
Realized losses, net	41,100	10,533
Unrealized (gains) losses, net	(118,203)	39,390
Losses (gains) on derivative instruments, net ⁽¹⁾	49,914	(40,879)
Unrealized losses, net on equity investments ⁽²⁾	1,098	6,169
Impairment of real estate	3,905	36,247
Loss on reclassification of disposal group	—	14,636
Other (gains) losses ⁽³⁾	(775)	3,616
Depreciation and amortization of operating real estate	5,895	12,576
Non-cash expenses ⁽⁴⁾	2,199	2,127
Transaction expenses ⁽⁵⁾	6,317	3,545
Income tax effect of adjustments	486	(274)
EAD adjustments attributable to non-controlling interests	(4,027)	(17,229)
Earnings available for distribution attributable to Company's common stockholders	\$ 18,194	\$ 2,117
Weighted average shares outstanding - basic	90,583	91,117
GAAP net income (loss) attributable to Company's common stockholders per common share - basic	\$ 0.33	\$ (0.75)
EAD per common share - basic	\$ 0.20	\$ 0.02

⁽¹⁾ Excludes net interest benefit of interest rate swaps of approximately \$3.1 million and \$8.3 million for the three months ended March 31, 2025 and 2024, respectively.

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

⁽³⁾ Included in other income on the Company's condensed consolidated statements of operations and primarily includes non-recurring items such as gains (losses) on sales of real estate, gains (losses) on de-consolidation, gains (losses) on extinguishment of debt, preferred equity premiums resulting from early redemption, property loss insurance proceeds and provision for uncollectible receivables.

⁽⁴⁾ Primarily includes stock based compensation.

⁽⁵⁾ Includes non-recurring expenses such as debt issuance costs and transaction and/or restructuring expenses.

Adjusted Book Value Per Common Share

Adjusted book value per common share is a supplemental non-GAAP financial measure calculated 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 real estate held at the end of the period for which an impairment has not been recognized, (ii) exclude the cumulative adjustment of redeemable non-controlling interests to estimated redemption value and (iii) adjust our amortized cost 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 cumulative non-cash depreciation and amortization expenses related to real estate held at the end of the period for which an impairment has not been recognized, adjusted book value reflects the value, at their undepreciated basis, of our single-family rental properties and joint venture equity investments that the Company has determined to be recoverable at the end of the period.

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. 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 cumulative adjustment of the redeemable non-controlling interests to fair value directly affects our GAAP book value. By excluding the cumulative adjustment of redeemable non-controlling interests to estimated redemption value, adjusted book value more closely aligns the accounting treatment applied to these real estate assets and reflects our joint venture equity investment at its 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, certain CDOs issued by our residential loan securitizations, certain 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 useful measure for investors and us as it provides a 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, 2025 and December 31, 2024, respectively, is presented below (amounts in thousands, except per share data):

	March 31, 2025	December 31, 2024
Company's stockholders' equity	\$ 1,401,946	\$ 1,394,720
Preferred stock liquidation preference	(554,110)	(554,110)
GAAP book value	847,836	840,610
Add:		
Cumulative depreciation expense on real estate ⁽¹⁾	22,989	20,837
Cumulative amortization of lease intangibles related to real estate ⁽¹⁾	4,620	4,620
Cumulative adjustment of redeemable non-controlling interest to estimated redemption value	46,011	40,675
Adjustment of amortized cost liabilities to fair value	22,488	30,619
Adjusted book value	<u>\$ 943,944</u>	<u>\$ 937,361</u>
Common shares outstanding	90,529	90,575
GAAP book value per common share ⁽²⁾	\$ 9.37	\$ 9.28
Adjusted book value per common share ⁽³⁾	\$ 10.43	\$ 10.35

- (1) Represents cumulative adjustments for the Company's share of depreciation expense and amortization of lease intangibles related to real estate held as of the end of the period presented for which an impairment has not been recognized.
- (2) GAAP book value per common share is calculated using the GAAP book value and the common shares outstanding for the periods indicated.
- (3) 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, 2025 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 and liabilities 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, 2024. 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, 2024.

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, 2025, we had approximately \$10.0 billion of total assets. Included in this amount is approximately \$963.2 million of assets held in Consolidated SLST and \$606.9 million of assets related to Consolidated Real Estate VIEs, both of which we consolidate in accordance with GAAP. As of December 31, 2024, we had approximately \$9.2 billion of total assets. Included in this amount is approximately \$969.7 million of assets held in Consolidated SLST and \$620.6 million of assets related to Consolidated Real Estate VIEs, both of which 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 investments in Consolidated Real Estate VIEs, 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Acquired residential loans	\$ 2,954,018	\$ 2,876,066
Consolidated SLST	959,250	965,672
Total	<u>\$ 3,913,268</u>	<u>\$ 3,841,738</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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025						
	Number of Loans	Unpaid Principal	Fair Value	Weighted Average FICO	Weighted Average LTV ⁽¹⁾	Weighted Average Coupon
Re-performing residential loan strategy	3,427	\$ 451,652	\$ 434,143	638	54%	5.2%
Performing residential loan strategy	2,588	599,017	524,660	740	59%	4.2%
Business purpose bridge loan strategy	2,137	1,092,520	1,074,965	741	65%	10.5%
Business purpose rental loan strategy	4,309	916,584	920,250	746	73%	6.9%
Total	<u>12,461</u>	<u>\$ 3,059,773</u>	<u>\$ 2,954,018</u>			

December 31, 2024						
	Number of Loans	Unpaid Principal	Fair Value	Weighted Average FICO	Weighted Average LTV ⁽¹⁾	Weighted Average Coupon
Re-performing residential loan strategy	3,484	\$ 461,101	\$ 435,674	636	54%	5.2%
Performing residential loan strategy	2,630	610,203	525,267	740	58%	4.2%
Business purpose bridge loan strategy	2,321	1,176,555	1,157,085	742	65%	10.5%
Business purpose rental loan strategy	3,418	769,843	758,040	746	73%	6.8%
Total	<u>11,853</u>	<u>\$ 3,017,702</u>	<u>\$ 2,876,066</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, 2025	December 31, 2024
50% or less	9.0 %	9.0 %
>50% - 60%	9.7 %	9.7 %
>60% - 70%	21.5 %	21.7 %
>70% - 80%	39.4 %	38.0 %
>80% - 90%	11.8 %	12.7 %
>90% - 100%	4.6 %	4.7 %
>100%	4.0 %	4.2 %
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, 2025	December 31, 2024
550 or less	5.4 %	5.6 %
551 to 600	4.7 %	4.8 %
601 to 650	5.3 %	5.3 %
651 to 700	14.4 %	14.6 %
701 to 750	28.3 %	27.5 %
751 to 800	34.3 %	34.5 %
801 and over	7.6 %	7.7 %
Total	100.0 %	100.0 %

Current Coupon	March 31, 2025	December 31, 2024
3.00% or less	5.2 %	5.4 %
3.01% - 4.00%	11.3 %	11.6 %
4.01% - 5.00%	13.7 %	14.2 %
5.01% - 6.00%	5.8 %	5.9 %
6.01% - 7.00%	8.5 %	7.6 %
7.01% - 8.00%	14.2 %	11.5 %
8.01% and over	41.3 %	43.8 %
Total	100.0 %	100.0 %

Delinquency Status	March 31, 2025	December 31, 2024
Current	91.3 %	91.2 %
31 – 60 days	1.8 %	1.6 %
61 – 90 days	0.6 %	1.1 %
90+ days	6.3 %	6.1 %
Total	100.0 %	100.0 %

Origination Year	March 31, 2025	December 31, 2024
2007 or earlier	13.4 %	13.8 %
2008 - 2019	8.0 %	8.3 %
2020 - 2022	25.1 %	27.1 %
2023	6.5 %	8.2 %
2024	41.4 %	42.6 %
2025	5.6 %	—
Total	100.0 %	100.0 %

As of March 31, 2025 and December 31, 2024, the Company had an investment in an entity that originates residential loans. The Company purchased \$150.7 million and \$40.8 million of residential loans from the entity during the three months ended March 31, 2025 and 2024, respectively.

Consolidated SLST

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

Our investment in Consolidated SLST as of March 31, 2025 and December 31, 2024 was limited to the RMBS comprised of first loss subordinated securities and certain IOs issued by the respective securitizations with an aggregate net carrying value of \$148.1 million and \$148.5 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands, except current average loan size):

	March 31, 2025	December 31, 2024
Current fair value	\$ 959,250	\$ 965,672
Current unpaid principal balance	\$ 1,093,200	\$ 1,111,633
Number of loans	7,144	7,246
Current average loan size	\$ 153,023	\$ 153,413
Weighted average original loan term (in months) at purchase	347	347
Weighted average LTV at purchase	62 %	62 %
Weighted average credit score at purchase	765	767
Current Coupon:		
3.00% or less	5.2 %	5.1 %
3.01% – 4.00%	35.2 %	35.4 %
4.01% – 5.00%	40.8 %	40.6 %
5.01% – 6.00%	11.1 %	11.2 %
6.01% and over	7.7 %	7.7 %
Delinquency Status:		
Current	69.5 %	68.2 %
31 - 60	13.7 %	15.3 %
61 - 90	6.0 %	6.0 %
90+	10.8 %	10.5 %
Origination Year:		
2005 or earlier	27.4 %	27.5 %
2006	14.5 %	14.4 %
2007	19.9 %	19.8 %
2008 or later	38.2 %	38.3 %
Geographic state concentration (greater than 5.0%):		
California	11.8 %	11.7 %
New York	10.8 %	10.8 %
Florida	9.1 %	9.1 %
New Jersey	6.7 %	6.8 %
Illinois	6.3 %	6.3 %

Residential Loans, Real Estate Owned and Single-Family Rental Property Financing

Repurchase Agreements

As of March 31, 2025, the Company had repurchase agreements with six third-party financial institutions to fund the purchase of residential loans, real estate owned and single-family rental properties. As of March 31, 2025, the Company's only repurchase agreement exposure where the amount of collateral at risk was in excess of 5% of the Company's stockholders' equity was to Atlas SP at 5.82%. 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 following table presents detailed information about these repurchase agreements and associated assets pledged as collateral at March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	Maximum Aggregate Uncommitted Principal Amount	Outstanding Repurchase Agreements ⁽¹⁾	Net Deferred Finance Costs	Carrying Value of Repurchase Agreements	Carrying Value of Assets Pledged ⁽³⁾	Weighted Average Rate	Weighted Average Months to Maturity ⁽⁴⁾
March 31, 2025	\$ 2,775,000	\$ 357,483	\$ (389)	\$ 357,094	\$ 495,999	6.63 %	6.64
December 31, 2024	\$ 2,775,000	\$ 496,410	\$ (796)	\$ 495,614	\$ 659,183	6.70 %	9.64

(1) Includes non-mark-to-market repurchase agreements with an aggregate outstanding balance of \$13.1 million, a weighted average rate of 6.85%, and weighted average months to maturity of 6 months as of March 31, 2025. Includes non-mark-to-market repurchase agreements with an aggregate outstanding balance of \$15.0 million, a weighted average rate of 7.09%, and weighted average months to maturity of 8 months as of December 31, 2024.

(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 over the term of the agreement using the effective interest method, or straight line-method, if the result is not materially different.

(3) Includes residential loans and real estate owned with an aggregate carrying value of \$363.3 million and single-family rental properties with a net carrying value of \$132.7 million as of March 31, 2025. Includes residential loans and real estate owned with an aggregate fair value of \$524.6 million and single-family rental properties with a net carrying value of \$134.6 million as of December 31, 2024.

(4) 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 2025, 2024 and 2023 for our repurchase agreements secured by residential loans and single-family rental properties (dollar amounts in thousands):

Quarter Ended	Quarterly Average Balance	End of Quarter Balance	Maximum Balance at any Month-End
March 31, 2025	\$ 491,455	\$ 357,483	\$ 561,854
December 31, 2024	386,047	496,410	496,410
September 30, 2024	656,976	566,621	812,828
June 30, 2024	521,269	505,542	576,119
March 31, 2024	437,826	456,038	456,038
December 31, 2023	559,118	611,055	611,055
September 30, 2023	469,393	505,477	505,477
June 30, 2023	524,264	481,947	579,475
March 31, 2023	579,271	562,371	609,885

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 \$149.4 million and \$319.7 million, respectively, as of March 31, 2025. As of December 31, 2024, the Company had a net investment in Consolidated SLST and other residential loan securitizations of \$149.8 million and \$215.2 million, respectively.

The following tables present a summary of Consolidated SLST CDOs and CDOs issued by the Company's residential loan securitizations as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025				
	Outstanding Face Amount	Carrying Value	Weighted Average Interest Rate ⁽¹⁾⁽²⁾	Stated Maturity ⁽³⁾
Consolidated SLST ⁽⁴⁾	\$ 852,049	\$ 805,273	3.40 %	2059 - 2064
Residential loan securitizations at fair value ⁽⁴⁾	\$ 1,578,586	\$ 1,554,353	5.73 %	2029 - 2069
Residential loan securitizations at amortized cost, net	\$ 763,188	\$ 757,673	4.38 %	2035 - 2062

December 31, 2024				
	Outstanding Face Amount	Carrying Value	Weighted Average Interest Rate ⁽¹⁾	Stated Maturity ⁽³⁾
Consolidated SLST ⁽⁴⁾	\$ 867,004	\$ 811,591	3.49 %	2059 - 2064
Residential loan securitizations at fair value ⁽⁴⁾	\$ 1,281,896	\$ 1,253,332	5.72 %	2029 - 2069
Residential loan securitizations at amortized cost, net	\$ 850,547	\$ 842,764	4.35 %	2027 - 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⁾ Certain of the Company's CDOs contain interest rate step-up features whereby the interest rate increases if the outstanding notes are not redeemed by expected redemption dates, as defined in the respective governing documents. As of March 31, 2025, CDOs with an aggregate outstanding face amount of \$1.7 billion contain an interest rate step-up feature whereby the interest rate increases by either 1.00%, 1.50%, or 3.00% on defined dates ranging between 24 months and 48 months after issuance, if the notes are not redeemed before such dates.

⁽³⁾ 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.

⁽⁴⁾ The Company has elected the fair value option for CDOs issued by Consolidated SLST and residential loan securitizations completed after January 1, 2024 (see Note 17). See Note 7 for unrealized gains or losses recognized on CDOs issued by Consolidated SLST. For the three months ended March 31, 2025 and 2024, the Company recognized \$4.6 million in net unrealized losses and \$1.6 million in net unrealized gains, respectively, on residential loan securitizations at fair value, which are included in unrealized gains (losses), net on the accompanying condensed consolidated statements of operations.

Investment Securities

At March 31, 2025, our investment securities portfolio included Agency RMBS, non-Agency RMBS and U.S. Treasury securities, 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, 2025, 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, 2025 as compared to December 31, 2024 is primarily due to purchases of Agency RMBS and an increase in the fair value of a number of our investment securities, partially offset by sales of U.S. Treasury securities during the period.

The following tables summarize our investment securities portfolio as of March 31, 2025 and December 31, 2024 (dollar amounts in thousands):

	March 31, 2025						
	Current Par Value	Amortized Cost	Unrealized		Fair Value	Weighted Average	
Investment Securities			Gains	Losses		Coupon ⁽¹⁾	Yield ⁽²⁾
Available for Sale (“AFS”)							
Agency RMBS							
Fixed rate	\$ 4,339,392	\$ 4,325,156	\$ 41,378	\$ (6,080)	\$ 4,360,454	5.71 %	5.72 %
Adjustable rate	127,884	126,208	2,246	—	128,454	5.45 %	5.53 %
IO	1,100,271	81,252	2,484	(13,924)	69,812	1.69 %	10.21 %
Total Agency RMBS	5,567,547	4,532,616	46,108	(20,004)	4,558,720	4.77 %	5.81 %
Non-Agency RMBS							
Senior	41,628	41,628	42	(8)	41,662	8.24 %	8.20 %
Subordinated	6,959	6,353	—	(2,519)	3,834	4.42 %	5.27 %
IO	336,568	12,722	5,569	—	18,291	1.57 %	28.86 %
Total Non-Agency RMBS	385,155	60,703	5,611	(2,527)	63,787	2.34 %	12.27 %
U.S. Treasury securities	24,920	25,342	—	(1,037)	24,305	3.81 %	3.61 %
Total - AFS	\$ 5,977,622	4,618,661	51,719	(23,568)	4,646,812	4.58 %	5.90 %
Consolidated SLST							
Non-Agency RMBS							
Subordinated	\$ 238,535	\$ 178,810	\$ 3,602	\$ (47,652)	\$ 134,760	4.70 %	7.67 %
IO	127,297	13,829	—	(528)	13,301	3.50 %	8.76 %
Total Non-Agency RMBS	365,832	192,639	3,602	(48,180)	148,061	4.29 %	7.75 %
Total - Consolidated SLST	\$ 365,832	\$ 192,639	\$ 3,602	\$ (48,180)	\$ 148,061	4.29 %	7.75 %
Total Investment Securities	\$ 6,343,454	\$ 4,811,300	\$ 55,321	\$ (71,748)	\$ 4,794,873	4.56 %	5.99 %

	December 31, 2024						
			Unrealized			Weighted Average	
Investment Securities	Current Par Value	Amortized Cost	Gains	Losses	Fair Value	Coupon ⁽¹⁾	Yield ⁽²⁾
Available for Sale (“AFS”)							
Agency RMBS							
Fixed rate	\$ 2,943,583	\$ 2,949,038	\$ 11,733	\$ (21,711)	\$ 2,939,060	5.84 %	5.73 %
Adjustable rate	131,817	130,119	285	(822)	129,582	5.47 %	5.40 %
IO	1,169,330	83,878	843	(16,551)	68,170	0.89 %	11.82 %
Total Agency RMBS	4,244,730	3,163,035	12,861	(39,084)	3,136,812	4.24 %	5.88 %
Non-Agency RMBS							
Senior	42,214	42,214	160	(9)	42,365	8.14 %	8.10 %
Subordinated	11,509	10,869	—	(2,605)	8,264	5.19 %	5.95 %
IO	346,582	13,120	5,938	—	19,058	1.52 %	28.86 %
Total Non-Agency RMBS	400,305	66,203	6,098	(2,614)	69,687	2.01 %	14.02 %
U.S. Treasury securities	652,792	657,659	—	(35,614)	622,045	4.16 %	4.13 %
Total - AFS	\$ 5,297,827	\$ 3,886,897	\$ 18,959	\$ (77,312)	\$ 3,828,544	4.04 %	5.98 %
Consolidated SLST							
Non-Agency RMBS							
Subordinated	\$ 242,088	\$ 181,716	\$ 4,945	\$ (52,134)	\$ 134,527	4.60 %	6.02 %
IO	129,478	14,634	—	(653)	13,981	3.50 %	8.54 %
Total Non-Agency RMBS	371,566	196,350	4,945	(52,787)	148,508	4.21 %	6.23 %
Total - Consolidated SLST	\$ 371,566	\$ 196,350	\$ 4,945	\$ (52,787)	\$ 148,508	4.21 %	6.23 %
Total Investment Securities	\$ 5,669,393	\$ 4,083,247	\$ 23,904	\$ (130,099)	\$ 3,977,052	4.05 %	5.94 %

⁽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.

As of March 31, 2025 and December 31, 2024, the three-month weighted average conditional prepayment rate, or CPR of our Agency RMBS was 6.18% and 13.57%, respectively.

As of March 31, 2025 and December 31, 2024, investment securities with a fair value of \$4.3 billion and \$3.7 billion, respectively, were pledged as collateral under the Company's outstanding repurchase agreements.

As of March 31, 2025 and December 31, 2024, Agency RMBS with a fair value of \$50.1 million and \$33.4 million, respectively, were pledged as initial margin for outstanding interest rate swaps.

As of March 31, 2025 and December 31, 2024, Consolidated SLST subordinated bonds with a fair value of \$117.7 million and \$114.0 million, respectively, were held in a non-Agency RMBS re-securitization (see “Investment Securities Financing—Collateralized Debt Obligations” below).

Investment Securities Financing

Repurchase Agreements

As of March 31, 2025, the Company had \$4.1 billion outstanding under repurchase agreements with third-party financial institutions to fund a portion of its investment securities available for sale and certain securities owned in Consolidated SLST. 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, 2025, the Company had no repurchase agreement exposure where the amount of investment securities at risk was in excess of 5% of the Company’s stockholders’ equity. As of March 31, 2025, the weighted average interest rate for repurchase agreements secured by investment securities was 4.49%.

The following table details the quarterly average balance, ending balance and maximum balance at any month-end during each quarter in 2025, 2024 and 2023 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, 2025	\$ 4,000,724	\$ 4,128,622	\$ 4,156,941
December 31, 2024	3,328,795	3,516,611	3,516,611
September 30, 2024	2,772,203	3,045,597	3,045,597
June 30, 2024	2,202,770	2,447,851	2,447,851
March 31, 2024	2,078,041	2,057,361	2,126,993
December 31, 2023	1,851,577	1,862,063	1,870,941
September 30, 2023	1,184,714	1,490,996	1,490,996
June 30, 2023	492,473	664,459	664,459
March 31, 2023	131,174	226,778	226,778

Collateralized Debt Obligations

We refer to our re-securitization of the Company’s investment in certain subordinated securities issued by Consolidated SLST as our non-Agency RMBS re-securitization. The Company engaged in the re-securitization transaction primarily for the purpose of obtaining non-recourse, longer-term financing on a portion of its investment in Consolidated SLST. The Company remains economically exposed to the subordinated positions in the portion of Consolidated SLST transferred to the securitization and continues to consolidate Consolidated SLST.

The following table presents a summary of CDOs issued by our non-Agency RMBS re-securitization as of March 31, 2025 and December 31, 2024:

	Outstanding Face Amount	Carrying Value	Interest Rate ⁽¹⁾⁽²⁾	Stated Maturity ⁽³⁾
March 31, 2025	\$ 69,506	\$ 69,515	7.38 %	2064
December 31, 2024	70,867	70,757	7.38 %	2064

- (1) 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 Company's non-Agency RMBS re-securitization CDOs contain an interest rate step-up feature whereby the interest rate increases if the outstanding notes are not redeemed by an expected redemption date, as defined in the governing documents. As of March 31, 2025, CDOs with an aggregate outstanding face amount of \$69.5 million contain an interest rate step-up feature whereby the interest rate increases by 3.00% beginning July 2027, if the notes are not redeemed before such date.
- (3) The actual maturity of the Company's CDOs is 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 governing documents. As a result, the actual maturity of the CDOs may occur earlier than the stated maturity.

The Company has elected the fair value option for CDOs issued by its non-Agency RMBS re-securitization (*see Note 17*). For the three months ended March 31, 2025, the Company recognized \$0.1 million in net unrealized losses on its non-Agency RMBS re-securitization, which are included in unrealized gains (losses), net on the accompanying condensed consolidated statements of operations.

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.

The Company is also the primary beneficiary of a VIE that owns a multi-family apartment community and in which the Company holds a preferred equity investment. The Company determined that it has the power to direct the activities of the VIE and consolidates this VIE into its condensed consolidated financial statements.

During the three months ended March 31, 2025, the Company negotiated a short-term maturity extension on one preferred equity investment for which the underlying property was subject to a purchase and sale agreement with a closing date subsequent to the scheduled maturity of the preferred equity investment. During the three months ended March 31, 2024, the Company reduced the fair value of one defaulted preferred equity investment to zero as a result of developments with respect to the property, its financing and market conditions. This investment represents 2.0% of the total investment amount of the Mezzanine Lending portfolio. The Company has also ceased accruals of preferred return on one preferred equity investment and its preferred equity investment in a Consolidated VIE as a result of its evaluation of the hypothetical liquidation value for the respective investments. These investments represent 19.9% of the total investment amount of the Mezzanine Lending portfolio.

The following tables summarize our Mezzanine Lending portfolio as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025					
	Count	Fair Value ^{(1) (2)}	Investment ⁽²⁾ Amount	Weighted Average Preferred Return Rate ⁽³⁾	Weighted Average Remaining Life (Years)
Preferred equity investments	17	\$ 140,473	\$ 149,240	12.81 %	4.1
Preferred equity investment in Consolidated VIE ⁽⁴⁾	1	18,242	18,266	13.89 %	6.8
Total	18	\$ 158,715	\$ 167,506	12.93 %	4.4

December 31, 2024					
	Count	Fair Value ^{(1) (2)}	Investment ⁽²⁾ Amount	Weighted Average Preferred Return Rate ⁽³⁾	Weighted Average Remaining Life (Years)
Preferred equity investments	18	\$ 159,628	\$ 169,518	12.80 %	3.8
Preferred equity investment in Consolidated VIE ⁽⁴⁾	1	16,967	16,991	13.84 %	7.0
Total	19	\$ 176,595	\$ 186,509	12.90 %	4.1

(1) Preferred equity investments in the amounts of \$87.2 million and \$86.2 million are included in multi-family loans on the accompanying condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024, respectively. Preferred equity investments in the amounts of \$53.3 million and \$73.4 million are included in equity investments on the accompanying condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024, respectively.

(2) The difference between the fair value and investment amount consists of any unrealized gain or loss.

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

(4) Represents the Company's preferred equity investment in a Consolidated VIE that owns a multi-family apartment community. A reconciliation of our preferred equity investment in the Consolidated VIE to our condensed consolidated financial statements as of March 31, 2025 and December 31, 2024, respectively, is shown below (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 774	\$ 392
Real estate, net	53,457	53,508
Other assets	4,143	4,939
Total assets	58,374	58,839
Mortgage payable on real estate, net	45,123	45,120
Other liabilities	1,382	1,823
Total liabilities	46,505	46,943
Non-controlling interest in Consolidated VIE	(6,373)	(5,071)
Preferred equity investment in Consolidated VIE	\$ 18,242	\$ 16,967

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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025							
State	Count	Investment Amount	% Total	Weighted Average Coupon	Weighted Average LTV ⁽¹⁾	Weighted Average DSCR ⁽²⁾	
Texas	6	\$ 51,298	30.6 %	12.4 %	84 %	1.23x	
Florida	2	33,112	19.8 %	13.4 %	88 %	1.30x	
Arizona	1	15,071	9.0 %	14.0 %	80 %	1.54x	
Tennessee	1	13,045	7.8 %	14.0 %	86 %	0.72x ⁽³⁾	
South Dakota	1	10,790	6.4 %	15.0 %	85 %	1.56x	
South Carolina	1	9,801	5.9 %	13.0 %	76 %	1.11x	
Arkansas	1	9,314	5.6 %	13.5 %	82 %	1.26x	
Other	5	25,075	14.9 %	11.0 %	84 %	1.96x	
Total	18	\$ 167,506	100.0 %	12.9 %	84 %	1.40x	

December 31, 2024							
State	Count	Investment Amount	% Total	Weighted Average Coupon	Weighted Average LTV ⁽¹⁾	Weighted Average DSCR ⁽²⁾	
Florida	3	\$ 54,115	29.0 %	13.1 %	83 %	0.89x ⁽⁴⁾	
Texas	6	49,619	26.6 %	12.4 %	84 %	1.08x	
Arizona	1	15,201	8.2 %	14.0 %	80 %	1.84x	
Tennessee	1	13,045	7.0 %	14.0 %	86 %	0.51x ⁽³⁾	
South Dakota	1	10,583	5.7 %	15.0 %	85 %	1.80x	
South Carolina	1	9,645	5.2 %	13.0 %	75 %	1.47x	
Other	6	34,301	18.3 %	11.7 %	83 %	1.30x	
Total	19	\$ 186,509	100.0 %	12.9 %	83 %	1.18x	

⁽¹⁾ Represents the weighted average LTV utilizing combined senior and mezzanine loans and combined origination appraisal and capital expenditure budget.

⁽²⁾ Represents the weighted average debt service coverage ratio ("DSCR") of the underlying properties and excludes properties that are subject to a senior construction loan agreement.

⁽³⁾ DSCR for this property affected by recent senior loan and Mezzanine Lending modifications.

⁽⁴⁾ DSCR affected by non-recurring expenses during the year ended December 31, 2024.

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.

The Company is repositioning 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 the assets and liabilities of the respective Consolidated VIEs are included in assets and liabilities of disposal group held for sale on the accompanying condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024. *See Note 9* for additional information. The Company's net equity in consolidated joint venture equity investments ("Consolidated JVs") and disposal group held for sale totaled \$155.9 million and \$153.7 million as of March 31, 2025 and December 31, 2024, respectively.

A reconciliation of our net equity investments in Consolidated JVs and disposal group held for sale, including one preferred equity investment in a Consolidated VIE, to our condensed consolidated financial statements as of March 31, 2025 and December 31, 2024, respectively, is shown below (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 3,929	\$ 4,151
Real estate, net	477,189	481,161
Assets of disposal group held for sale ⁽¹⁾	113,406	118,613
Other assets	12,423	16,696
Total assets	\$ 606,947	\$ 620,621
Mortgages payable on real estate, net ⁽²⁾	\$ 365,455	\$ 366,606
Liabilities of disposal group held for sale ⁽¹⁾	91,153	97,065
Other liabilities	5,969	10,621
Total liabilities	\$ 462,577	\$ 474,292
Redeemable non-controlling interest in Consolidated VIEs	\$ 13,382	\$ 12,359
Less: Cumulative adjustment of redeemable non-controlling interest to estimated redemption value	(46,011)	(40,675)
Non-controlling interest in Consolidated VIEs	513	1,887
Non-controlling interest in disposal group held for sale	2,346	2,044
Net equity investment ⁽³⁾	\$ 174,140	\$ 170,714
Less: Net equity in preferred equity investment in Consolidated VIE ⁽⁴⁾	(18,242)	(16,967)
Net equity investment in Consolidated JVs and disposal group held for sale	\$ 155,898	\$ 153,747

⁽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 15 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, 2025 consists of \$154.2 million of net equity investments in consolidated multi-family properties (including its preferred equity investment in a Consolidated VIE) and \$19.9 million of net equity investments in disposal group held for sale. The Company's net equity investment as of December 31, 2024 consists of \$151.2 million of net equity investments in consolidated multi-family properties (including its preferred equity investment in a Consolidated VIE) and \$19.5 million of net equity investments in disposal group held for sale.

⁽⁴⁾ See "Mezzanine Lending" above for description of preferred equity investment in Consolidated VIE.

Unconsolidated Multi-Family Joint Venture Equity Investments

The Company owns equity interests in two additional joint venture entities that own multi-family apartment communities. The Company 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. The following tables summarize our unconsolidated multi-family joint venture equity investments as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

March 31, 2025

State	Property Count	Ownership Interest	Fair Value
Texas	2	70%	\$ 1,111

December 31, 2024

State	Property Count	Ownership Interest	Fair Value
Texas	2	70%	\$ 1,338

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

As of March 31, 2025, the Company's net joint venture equity investments in consolidated multi-family properties not in disposal group held for sale of \$136.0 million 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 disposal group held for sale. The joint venture entity 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 \$13.4 million as of March 31, 2025.

The geographic concentrations in joint venture equity investments in consolidated multi-family properties exceeding 5% of our joint venture equity investments in consolidated multi-family properties not in disposal group held for sale as of March 31, 2025 and December 31, 2024, respectively, are shown below (dollar amounts in thousands):

March 31, 2025

State	Property Count	Total Equity Ownership Interest	Net Equity Investment ⁽¹⁾	Percentage of Total Net Equity Investment
Texas	5	70%	\$ 49,096	54.7 %
Florida	1	50%	\$ 15,510	17.3 %
Kentucky	1	70%	\$ 11,139	12.4 %
Alabama	1	70%	\$ 6,887	7.7 %
Tennessee	1	65%	\$ 5,309	5.9 %

December 31, 2024

State	Property Count	Total Equity Ownership Interest	Net Equity Investment ⁽¹⁾	Percentage of Total Net Equity Investment
Texas	5	70%	\$ 50,505	54.7 %
Florida	1	50%	\$ 15,868	17.2 %
Kentucky	1	70%	\$ 11,310	12.2 %
Alabama	1	70%	\$ 7,106	7.7 %
Tennessee	1	65%	\$ 5,557	6.0 %

- (1) Represents our joint venture equity investment in consolidated multi-family properties net of redeemable non-controlling interest at its estimated redemption value.

Property Data for Joint Venture Equity Investments in Multi-Family Properties not in Disposal Group Held for Sale

The following table provides summary information regarding our joint venture equity investments in multi-family properties that are not in disposal group held for sale as of March 31, 2025.

Market	Property Count	Occupancy %	Units	Rent per Unit ⁽¹⁾	LTV ⁽²⁾
Collierville, TN	1	94.1 %	324	\$ 1,503	84.8 %
Dallas, TX	2	91.0 %	401	1,841	88.7 %
Houston, TX	2	94.0 %	392	1,187	77.6 %
Little Rock, AR	1	96.3 %	202	1,355	89.6 %
Louisville, KY	1	93.3 %	300	1,484	84.2 %
Montgomery, AL	1	94.8 %	252	1,081	71.3 %
San Antonio, TX	2	90.9 %	684	1,236	83.0 %
St Petersburg, FL	1	99.0 %	326	2,565	78.0 %
Webster, TX	1	92.9 %	366	965	78.1 %
Total Count/Average	12	93.5 %	3,247	\$ 1,458	82.3 %

- (1) Represents average monthly rent per unit.

- (2) Represents the weighted average LTV of the underlying properties utilizing combined maximum senior committed mortgage amount and preferred equity balances, if any, and the combined origination appraisal and capital expenditure budget or the most recent appraisal, as applicable.

Property Data for Joint Venture Equity Investments in Multi-Family Properties 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, 2025.

Market	Property Count	Occupancy %	Units	Rent per Unit ⁽¹⁾	LTV ⁽²⁾
Fort Myers, FL	1	91.0 %	338	\$ 1,538	76.5 %
Tampa, FL	1	91.9 %	400	1,561	76.4 %
Total Count/Average	2	91.5 %	738	\$ 1,550	76.4 %

- (1) Represents average monthly rent per unit.

- (2) Represents the weighted average LTV of the underlying properties utilizing maximum senior committed mortgage amount and combined origination appraisal and capital expenditure budget.

Equity Investment in Entity that Originates Residential Loans

As of March 31, 2025 and December 31, 2024, the Company had an investment in an entity that originates residential loans. The Company accounts for this investment using the equity method and has elected the fair value option. The following table summarizes our ownership interest in the entity that originates residential loans as of March 31, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

Strategy	March 31, 2025		December 31, 2024	
	Ownership Interest	Fair Value	Ownership Interest	Fair Value
Constructive Loans, LLC	Residential Loans	50% \$ 39,637	50% \$ 38,718	

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, credit default swaps, 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 Consolidated Real Estate VIEs may be 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 gains or losses on derivative instruments.

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 also 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 equity index put options that give the Company the right to sell or buy the underlying index at a specified strike price and U.S. Treasury future contracts that obligate the Company to sell or buy U.S. Treasury securities for future delivery. The Company has purchased credit default swap index contracts under which a counterparty, in exchange for a premium, agrees to compensate the Company for the financial loss associated with the occurrence of a credit event in relation to a notional value of an index. The Company may purchase credit default swap index options that allow the Company to enter into a fixed rate payor position in the underlying credit default swap index at the agreed-upon strike level.

Debt

The Company's debt as of March 31, 2025 included senior unsecured notes and subordinated debentures.

2030 Senior Notes

On January 14, 2025, the Company completed the issuance of \$82.5 million in aggregate principal amount of its 9.125% Senior Notes due 2030 (the "2030 Senior Notes") in an underwritten public offering. The 2030 Senior Notes were issued at par, bear interest at a rate equal to 9.125% per year and mature on April 1, 2030, unless earlier redeemed.

2029 Senior Notes

On June 28, 2024, the Company completed the issuance of \$60.0 million in aggregate principal amount of its 9.125% Senior Notes due 2029 (the "2029 Senior Notes") in an underwritten public offering. The 2029 Senior Notes were issued at par, bear interest at a rate equal to 9.125% per year and mature on July 1, 2029, unless earlier redeemed.

2026 Senior Notes

As of March 31, 2025, the Company had \$100.0 million aggregate principal amount of its 5.75% Senior Notes due 2026 (the "2026 Senior Notes") outstanding. The 2026 Senior Notes were issued at par and carry deferred charges resulting in a total cost to the Company of approximately 6.64%. The Company's 2026 Senior Notes, which mature on April 30, 2026, 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. In addition, the 2026 Senior Notes limit the amount of Company leverage, net of cash held by the Company, to no more than four times its equity and limit the Company's ability to transfer its assets substantially as an entirety or merge into or consolidate with another person.

Subordinated Debentures

As of March 31, 2025, certain of our wholly-owned subsidiaries had trust preferred securities outstanding of \$45.0 million with a weighted average interest rate of 8.39% 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, 2025 and December 31, 2024, respectively (dollar amounts in thousands):

	March 31, 2025	December 31, 2024
8.000% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	\$ 147,745	\$ 147,745
7.875% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	177,697	177,697
6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	138,418	138,418
7.000% Series G Cumulative Redeemable Preferred Stock	71,585	71,585
Common stock	905	906
Additional paid-in capital	2,284,569	2,289,044
Accumulated deficit	(1,418,973)	(1,430,675)
Company's stockholders' equity	\$ 1,401,946	\$ 1,394,720

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, 2026) and long-term (beyond March 31, 2026) 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.

We continue to seek out assets and markets that provide compelling risk-adjusted returns 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. Beginning in 2023 and through the three months ended March 31, 2025, we have been expanding our holdings of Agency RMBS, which is more liquid than many if not all of the investments in our portfolio of credit investments. To expand our Agency RMBS portfolio, we have utilized mark-to-market repurchase agreement financing with terms of 30 days to 90 days. As of March 31, 2025, the Company's portfolio recourse leverage ratio of 3.2x remains within our target range. As of March 31, 2025, 62% of our debt, excluding mortgages payable on real estate and Consolidated SLST CDOs, is subject to mark-to-market margin calls, with 57% of that debt collateralized by Agency RMBS and 5% collateralized by residential credit assets. The remaining 38% has no exposure to collateral repricing by our counterparties.

We expect to continue to opportunistically dispose of assets from our portfolio and generate higher portfolio turnover in order to pursue investments across the residential housing sector with a focus on acquiring assets with less price sensitivity to credit deterioration that are capable of expanding our interest income, like Agency RMBS, and maintaining low duration credit exposure by purchasing high-coupon business purpose loans. We also intend to maintain a solid position in unrestricted cash and remain committed to prudently managing our liabilities. At March 31, 2025, we had \$173.1 million of available cash and cash equivalents (excluding cash and cash equivalents held by Consolidated Real Estate VIEs), \$256.8 million of unencumbered investment securities (including the securities we own in Consolidated SLST and CDOs repurchased from our residential loan securitizations) and \$100.2 million of unencumbered residential loans.

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. With respect to the multi-family properties in which we hold joint venture equity investments, the properties are encumbered by a senior mortgage loan. The type and terms of the ultimate financing used by us depends on the asset being financed and the financing available at the time of the financing. We have placed a greater emphasis on procuring, where appropriate, longer-termed and/or more committed financing arrangements for our credit investments, 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. Although we expect our leverage to continue to move higher as we access additional liquidity and grow our investment portfolio further, we intend to continue to focus on procuring longer-term and non-mark-to-market financing arrangements for certain parts of our credit portfolio.

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 will continue 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, 2025

During the three months ended March 31, 2025, net cash, cash equivalents and restricted cash decreased by \$54.6 million.

Cash Flows from Operating Activities

We generated net cash flows from operating activities totaling \$25.8 million during the three months ended March 31, 2025. Our cash flow provided by 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 (including impairment of real estate).

Cash Flows used in Investing Activities

During the three months ended March 31, 2025, our net cash flows used in investing activities were \$794.2 million, primarily as a result of purchases of investment securities and residential loans, capital expenditures on real estate and net variation margin paid for derivative instruments. This was partially offset by principal repayments received on residential loans and investment securities, net proceeds from the sale of investment securities, residential loans and real estate, net payments received from derivative instruments and return of capital from equity investments.

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). Additionally, a significant portion of cash flows from the sale of real estate held in Consolidated VIEs, if any, were used to repay outstanding mortgages payable on real estate held in Consolidated VIEs.

Cash Flows from Financing Activities

During the three months ended March 31, 2025, our net cash flows provided by financing activities were \$713.8 million. The main sources of cash flows from financing activities were proceeds received from repurchase agreements and proceeds from the issuance of CDOs and senior unsecured notes. This was partially offset by paydowns on and extinguishment of CDOs, payments made on Consolidated SLST CDOs, net payments made on mortgages payable on real estate and dividend payments on both common and preferred stock.

Liquidity – Financing Arrangements

As of March 31, 2025, we have outstanding short-term repurchase agreement financing on our investment securities, a form of collateralized short-term financing, with multiple financial institutions. The repurchase agreements we use to finance our investment securities 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, 2025, we had longer-term repurchase agreements with initial terms of up to two years with multiple third-party financial institutions that are secured by certain of our residential loans, real estate owned and single-family rental properties. The outstanding financing under five of these repurchase agreements are subject to margin calls to the extent the market value of the collateral falls below specified levels. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Balance Sheet Analysis—Residential Loans, Real Estate Owned and Single-Family Rental Property Financing—Repurchase Agreements" for further information. During the terms of the repurchase agreements, proceeds from the residential loans, real estate owned and single-family rental properties 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, real estate owned and single-family rental properties financed by the repurchase agreements may be accelerated upon an event of default. The repurchase agreements secured by residential loans, real estate owned and single-family rental properties 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, 2025, we had an aggregate amount at risk under repurchase agreements secured by residential loans, real estate owned and single-family rental properties of approximately \$138.5 million, which represents the difference between the carrying value of the collateral 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, 2025, 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, 2025, we had \$173.1 million included in cash and cash equivalents and \$256.8 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, 2025 included \$216.1 million of Agency RMBS and \$40.7 million of non-Agency RMBS (including an IO security we own in Consolidated SLST and CDOs repurchased from our residential loan securitizations).

At March 31, 2025, the Company had \$100.0 million aggregate principal amount of 2026 Senior Notes outstanding. The 2026 Senior 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 2026 Senior 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 mature on April 30, 2026, unless earlier redeemed. The Company has the right to redeem the 2026 Senior 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 2026 Senior Notes. The Company's 2026 Senior Notes also 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. In addition, the 2026 Senior Notes limit the amount of Company leverage, net of cash held by the Company, to no more than four times its equity and limit the Company's ability to transfer its assets substantially as an entirety or merge into or consolidate with another person.

At March 31, 2025, the Company had \$60.0 million aggregate principal amount of 2029 Senior Notes outstanding. The 2029 Senior Notes were issued at 100% of the principal amount and bear interest at a rate equal to 9.125% per year, payable quarterly in arrears on January 1, April 1, July 1, and October 1 of each year, beginning on October 1, 2024, and mature on July 1, 2029, unless earlier redeemed. The Company has the right to redeem the 2029 Senior Notes, in whole or in part, at any time on or after July 1, 2026, at a redemption price equal to 100% of the outstanding principal amount redeemed. No sinking fund is provided for the 2029 Senior Notes.

At March 31, 2025, the Company had \$82.5 million aggregate principal amount of 2030 Senior Notes outstanding. The 2030 Senior Notes were issued at 100% of the principal amount and bear interest at a rate equal to 9.125% per year, payable quarterly in arrears on January 1, April 1, July 1, and October 1 of each year, beginning on April 1, 2025, and mature on April 1, 2030, unless earlier redeemed. The Company has the right to redeem the 2030 Senior Notes, in whole or in part, at any time on or after April 1, 2027, at a redemption price equal to 100% of the outstanding principal amount redeemed. No sinking fund is provided for the 2030 Senior Notes.

At March 31, 2025, we also had other longer-term debt which includes Company-sponsored residential loan securitization CDOs with a carrying value of \$2.3 billion and non-Agency RMBS re-securitization CDOs with a carrying value of \$69.5 million. We had 15 Company-sponsored securitizations with CDOs outstanding as of March 31, 2025. *See Note 14* 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 and our equity investment may be lost or reduced to the extent a lender forecloses on the property.

As of March 31, 2025, 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 3.4 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, including mortgages payable on real estate of disposal group held for sale. As of March 31, 2025, our portfolio recourse leverage ratio, which represents our outstanding recourse repurchase agreement financing divided by our total stockholders' equity, was approximately 3.2 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, credit default swaps, 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 swaps, credit default swaps, futures contracts and TBAs, initial margin deposits, which can be comprised of either cash or investment 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.

As it relates to the variable-rate mortgages payable in our Consolidated Real Estate VIEs, the joint venture entities may be required by the lender to enter into interest rate cap contracts. In addition, with respect to one of the Company's financings under repurchase agreements, the lender has, in the past, required the Company to enter into an interest rate cap contract. 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 gains or losses on derivative instruments. The joint venture entities that own the multi-family properties may be required to enter into new interest rate cap contracts upon their expiration and may require the Company to contribute additional capital to the respective joint venture.

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. The Company issued the 2030 Senior Notes in an underwritten public offering during the three months ended March 31, 2025.

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 allows the Company to make repurchases of shares of preferred stock, from time to time, in open market transactions, through privately negotiated transactions or block trades or other means, in accordance with applicable securities laws and the rules and regulations of Nasdaq. The Company did not repurchase any shares of its preferred stock during the three months ended March 31, 2025. As of March 31, 2025, \$97.6 million of the approved amount remained available for the repurchase of shares of preferred stock under the preferred stock repurchase program. The preferred stock repurchase program expires on March 31, 2026.

In February 2022, the Board of Directors approved a \$200.0 million common stock repurchase program. In March 2023, the Board of Directors approved an upsize of the common stock repurchase program to \$246.0 million. The program allows the Company to make repurchases of shares of common stock, from time to time, in open market transactions, through privately negotiated transactions or block trades or other means, in accordance with applicable securities laws and the rules and regulations of Nasdaq. The Company did not repurchase shares of its common stock during the three months ended March 31, 2025. As of March 31, 2025, \$189.7 million of the approved amount remained available for the repurchase of shares of the Company's common stock under the common stock repurchase program. The common stock repurchase program expires on March 31, 2026.

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 18* 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.

Commitment to Fund Business Purpose Loans

As of March 31, 2025, the Company had commitments to fund up to \$184.8 million of additional advances on existing business purpose loans. These commitments are generally subject to loan agreements with terms that must be met before we fund advances on the commitment.

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 for the year ended December 31, 2024, “Part II. Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q 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, including inflation and deflation and political or regulatory matters beyond our control. Changes in interest rates affect, among other things, the value of the assets we manage and hold in our investment portfolio and the variable-rate borrowings and floating-rate preferred stock we use or issue to fund our operations and 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 and adjusted net interest income are 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 and adjusted 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 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 respective mortgage loan agreements. The Company may also be required by lenders on repurchase agreements for residential loans to enter into interest rate cap contracts.

We utilize a model-based risk analysis system to assist in projecting interest rate-sensitive asset and liability portfolio performances over a scenario of different interest rates. Computation of the cash flows for interest rate-sensitive assets that may affect annualized adjusted net interest income are based on assumptions related to, among other things, prepayment speeds, slope of the yield curve, and composition and size of our portfolio. Assumptions for interest rate-sensitive liabilities relate to, among other things, anticipated interest rates, collateral requirements as a percentage of repurchase agreement financings and amounts and terms of borrowings. As these assumptions may not be realized, adjusted net interest income results may therefore be significantly different from the annualized adjusted net interest income produced in our analyses. We also note that the uncertainty associated with the estimate of a change in adjusted net interest income is directly related to the size of interest rate move considered.

Based on the results of the model, the instantaneous changes in interest rates specified below would have had the following effect on annualized adjusted net interest income based on our assets and liabilities as of March 31, 2025 (dollar amounts in thousands):

Changes in Interest Rates (basis points)	Changes in Adjusted Net Interest Income ^{(1) (2)}
+200	\$ (90,470)
+100	\$ (44,935)
-100	\$ 45,231
-200	\$ 90,472

⁽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.

⁽²⁾ Certain assumptions have been made in connection with the calculation of the information set forth in the table and, as such, there can be no assurance that assumed events will occur or that other events will not occur that would affect the outcomes. The base interest rate scenario assumes interest rates as of March 31, 2025. This analysis utilizes assumptions and estimates based on management's judgment and experience. Future purchases and sales of assets could materially change our interest rate risk profile.

While this table reflects the estimated impact of interest rate changes on the static portfolio, we actively manage our portfolio and continuously make adjustments to the size and composition of our asset and derivative hedge portfolios and interest-bearing liabilities. Actual results could differ significantly from those estimated in the table.

Interest rate changes may also impact our GAAP book value and adjusted book value as many of our assets and liabilities and related hedge derivatives, if any, are marked-to-market each quarter. Generally, as interest rates increase, the value of our mortgage-related assets decreases, and conversely, as interest rates decrease, the value of such investments will increase. Changes in interest rates would have the opposite impact on our liabilities at fair value. In general, we expect that, over time, changes in the net fair value of our portfolio attributable to interest rate changes may be offset, to the degree we are hedged, by changes in the value of our interest rate swaps or other financial instruments used for hedging purposes. However, the relationship between spreads on our assets and liabilities and spreads on our hedging instruments may vary from time to time, resulting in a net aggregate GAAP book value and adjusted book value increase or decline. The floating rates that became or will become effective at the conclusion of the fixed rate period on our Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock subject us to interest rate risk and could significantly increase the cost of dividends on such preferred stock. Such increased dividend costs could have an impact on net aggregate GAAP book value and adjusted book value and our ability to make distributions to our stockholders.

Our net interest income, adjusted net interest income and the fair value of our assets and our financing activities could be negatively affected by volatility in interest rates, as was the case in 2024 and into 2025. 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 adjusted 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 significant portion of our repurchase agreements and certain derivative instruments. In the event the value of our assets pledged as collateral or the value of our derivative instruments suddenly decrease, margin calls 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.

We also utilize longer-termed and/or more committed financing arrangements for certain of our credit investments, 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. These financings 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.

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

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

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

Credit Risk

Credit risk is the risk that we will not fully collect the principal we have invested in our credit sensitive assets, including residential loans, non-Agency RMBS, 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. We also manage credit risk with credit default swaps on corporate bond indices for which the Company buys credit protection and pays periodic payments at fixed rates to credit protection sellers, in return for compensation for default (or similar credit event) by a reference index.

Recent inflationary pressures, the implementation of tariffs and trade policy uncertainty have caused, and a possible economic recession or stagnation in the U.S. in the near future may 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. Any future period of payment deferrals, forbearance, delinquencies, defaults, foreclosures or losses will likely adversely affect our net interest income and adjusted net interest income from residential loans, our RMBS investments and multi-family loans 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 or optimizing a resolution for or exit from the asset.

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 for each loan based on certain characteristics and monitoring each servicer's performance on an ongoing basis.

Investments in non-Agency RMBS, CMBS and ABS also contain credit risk. 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 losses across different scenarios. In addition, we are exposed to credit risk in our Mezzanine Lending 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 properties that serve as the underlying collateral to produce cash flows adequate to pay distributions, interest or principal due to us or other investors or lenders. 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, 2025 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 of our portfolio as of March 31, 2025, 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 certain of our 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⁾	Percentage Change in Portfolio Fair Value ⁽¹⁾
(basis points)	(dollar amounts in thousands)	
+200	\$(229,484)	(3.60)%
+100	\$(156,225)	(2.45)%
Base		—
-100	\$142,826	2.24%
-200	\$193,040	3.03%

⁽¹⁾ Includes residential loans, Mezzanine Lending investments, investment securities, derivatives, mortgage servicing rights, residential loan securitizations, non-Agency RMBS re-securitization and senior unsecured notes at fair value.

Although the use of a model to perform market value sensitivity analysis is widely accepted as a tool in identifying potential risk in a changing interest rate environment, it should be noted that the model does not take into consideration changes that may occur such as, but not limited to, changes in portfolio composition, financing strategies, market spreads, business volumes or overall market liquidity. 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, 2025. 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, 2025.

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, 2025 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

We are supplementing the risk factors described in [Part I, “Item 1A. Risk Factors”](#) of our Annual Report on Form 10-K for the year ended December 31, 2024 (“2024 Form 10-K”), with the additional risk factor set forth below. This supplemental risk factor should be read in conjunction with the other risk factors described in the 2024 Form 10-K.

Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy or market disruptions resulting therefrom, could materially and adversely impact our business, results of operations, financial condition and ability to make distributions to our stockholders.

Political leaders in the U.S. and certain foreign countries have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate certain existing trade agreements with foreign countries. In addition, the U.S. government has recently imposed tariffs on certain foreign goods and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy or market disruptions resulting therefrom, could materially and adversely impact our business, results of operations, financial condition and ability to make distributions to our stockholders.

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

Common Stock

In February 2022, the Board of Directors approved a \$200.0 million common stock repurchase program. In March 2023, the Board of Directors approved an upsize of the common stock repurchase program to \$246.0 million. The program, which expires on March 31, 2026, allows the Company to make repurchases of shares of common stock, from time to time, in open market transactions, through privately negotiated transactions or block trades or other means, in accordance with applicable securities laws and the rules and regulations of Nasdaq. Subject to applicable securities laws, repurchases of the Company's common stock under the common 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 common 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, 2025, the Company did not repurchase any shares of its common stock pursuant to the common stock repurchase program. As of March 31, 2025, \$189.7 million of the approved amount remained available for the repurchase of shares of the Company's common stock under the common stock repurchase program.

Preferred Stock

In March 2023, the Board of Directors approved a \$100.0 million preferred stock repurchase program. The program, which expires on March 31, 2026, allows the Company to make repurchases of shares of preferred stock, from time to time, in open market transactions, through privately negotiated transactions or block trades or other means, in accordance with applicable securities laws and the rules and regulations of Nasdaq.

During the three months ended March 31, 2025, the Company did not repurchase any shares of its preferred stock pursuant to the preferred stock repurchase program. As of March 31, 2025, \$97.6 million of the approved amount remained available for the repurchase of shares of preferred stock under the preferred stock repurchase program.

Item 6. Exhibits**EXHIBIT INDEX**

Exhibit	Description
<u>3.1</u>	Articles of Amendment and Restatement of the Company, as amended (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 5, 2023).
<u>3.2</u>	Third Amended and Restated Bylaws of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 22, 2022).
<u>3.3</u>	Articles Supplementary designating the Company's 7.75% Series B Cumulative Redeemable Preferred Stock (the "Series B Preferred Stock") (Incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 31, 2013).
<u>3.4</u>	Articles Supplementary classifying and designating 2,550,000 additional shares of the Series B Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 20, 2015).
<u>3.5</u>	Articles Supplementary classifying and designating the Company's 7.875% Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock") (Incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on April 21, 2015).
<u>3.6</u>	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).
<u>3.7</u>	Articles Supplementary classifying and designating 2,460,000 additional shares of the Series C Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).
<u>3.8</u>	Articles Supplementary classifying and designating 2,650,000 additional shares of the Series D Preferred Stock (Incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2019).
<u>3.9</u>	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).
<u>3.10</u>	Articles Supplementary classifying and designating 3,000,000 additional shares of the Series E Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 27, 2019).
<u>3.11</u>	Articles Supplementary classifying and designating the Company's 6.875% Series F Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the "Series F 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).
<u>3.12</u>	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 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 5, 2021).
<u>3.13</u>	Articles Supplementary classifying and designating 2,000,000 additional shares of the Series F Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on 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 to 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 to 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 January 23, 2017, between the Company and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 23, 2017).
4.7	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).
4.8	Form of 5.75% Senior Notes 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).
4.9	Second Supplemental Indenture, dated as of June 28, 2024, between the Company and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.9 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on June 28, 2024).
4.10	Form of 9.125% Senior Notes due 2029 (Incorporated by reference to Exhibit 4.10 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on June 28, 2024).
4.11	Third Supplemental Indenture, dated as of January 14, 2025, between the Company and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.11 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on January 14, 2025).
4.12	Form of 9.125% Senior Notes due 2030 (Incorporated by reference to Exhibit 4.12 to the Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on January 14, 2025).

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 2025 Performance Stock Unit Award Agreement (Incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 21, 2025).
10.2†	Form of 2025 Restricted Stock Unit Award Agreement (Incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 21, 2025).
10.3†	The Company's 2025 Annual Incentive Plan (Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 21, 2025).
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, 2025 (formatted in Inline XBRL and contained in Exhibit 101).

† Management contract or compensatory plan or arrangement.

* 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, 2025 and December 31, 2024; (ii) Condensed Consolidated Statements of Operations for the three months ended March 31, 2025 and 2024; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2025 and 2024; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2025 and 2024; (v) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2025 and 2024; 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 2, 2025 By: /s/ Jason T. Serrano
Jason T. Serrano
Chief Executive Officer
(Principal Executive Officer)

Date: May 2, 2025 By: /s/ Kristine R. Nario-Eng
Kristine R. Nario-Eng
Chief Financial Officer
(Principal Financial and Accounting Officer)

**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, 2025 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 2, 2025

/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, 2025 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 2, 2025

/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, 2025, 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 2, 2025

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

Date: May 2, 2025

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