

NEW YORK MORTGAGE TRUST INC
Form DEF 14A
March 28, 2017

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

SCHEDULE 14A INFORMATION
(RULE 14a-101)

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant
Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

NEW YORK
MORTGAGE
TRUST, INC.
(Name of
Registrant as
Specified in
Its Charter)

(Name of
Person(s)
Filing Proxy
Statement, if
Other than the
Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

275 Madison Avenue
New York, New York 10016

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 11, 2017

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders (the “Annual Meeting”) of New York Mortgage Trust, Inc. (the “Company,” “we,” “our,” or “us”) on Thursday, May 11, 2017 at 9:00 a.m., local time, at the offices of Vinson & Elkins LLP, 666 Fifth Avenue, 26th Floor, New York, New York 10103 to consider and take action on the following:

1. To elect the six directors nominated and recommended by the Board of Directors, each to serve until the 2018 Annual Meeting of Stockholders or until such time as their respective successors are elected and qualified;
2. To hold an advisory vote to approve named executive officer compensation;
3. To consider and act upon a proposal to approve the Company’s 2017 Equity Incentive Plan; and
4. To consider and act upon a proposal to ratify, confirm, and approve the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.

In addition, stockholders will consider and vote upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has set the close of business on March 16, 2017 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting. Only stockholders of record on that date are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

We furnish our proxy materials to our stockholders over the Internet, as we believe that this “e-proxy” process expedites stockholder receipt of proxy materials while also lowering the cost and reducing the environmental impact of our Annual Meeting. In connection with this approach, on or about March 28, 2017, we mailed a Notice Regarding the Availability of Proxy Materials (the “Notice”) to holders of our common stock as of the close of business on March 16, 2017. Beginning on the date of the mailing of the Notice, all stockholders of record had the ability to access all of the proxy materials and the Company’s Annual Report on Form 10-K on a website referred to in the Notice and to complete and submit their proxy on the Internet, over the telephone or through the mail. These proxy materials are available free of charge. If you received a Notice by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice provides instructions on how you can request a paper copy of the proxy materials if you desire and each of the Notice and proxy materials provide instructions on how you can vote your proxy. Please see the attached proxy statement or Notice for more details on how you can vote.

If you wish to attend the Annual Meeting in person, you must register not later than 3:00 p.m., local time, on May 10, 2017 by contacting Investor Relations by email at investorrelations@nymtrust.com or by phone at (646) 216-2363. Attendance at the Annual Meeting will be limited to persons that register in advance and present proof of stock ownership on the record date and picture identification. If you hold shares directly in your name as the stockholder of record, proof of ownership could include a copy of your account statement or a copy of your stock certificate(s). If you hold shares through an intermediary, such as a broker, bank or other nominee, proof of stock ownership could include a proxy from your broker, bank or other nominee or a copy of your brokerage or bank account statement. Additionally, if you intend to vote your shares at the meeting and hold your shares through an intermediary, you must

request a “legal proxy” from your broker, bank or other nominee and bring this legal proxy to the meeting.

The Board of Directors appreciates and encourages your participation in the Company's Annual Meeting. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented. Accordingly, please vote your shares by proxy, on the Internet, by telephone or by mail. If you attend the Annual Meeting, you may revoke your proxy and vote in person. Your proxy is revocable in accordance with the procedures set forth in this proxy statement.

By order
of the
Board of
Directors,

Steven R.
Mumma
Chairman
and Chief
Executive
Officer

New York, New York
March 28, 2017

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275 Madison Avenue
New York, New York 10016

PROXY STATEMENT

GENERAL INFORMATION

Important Notice Regarding the Availability of Proxy Materials
for the 2017 Stockholder Meeting to Be Held on May 11, 2017.

This proxy statement, our Annual Report on Form 10-K for the year ended December 31, 2016, and our other proxy materials are available at: <http://www.proxyvote.com>.

Proxy Solicitation

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of New York Mortgage Trust, Inc. (the “Company,” “we,” “our” or “us”) for use at the Company’s Annual Meeting of Stockholders (the “Annual Meeting”) to be held at the offices of Vinson & Elkins LLP, 666 Fifth Avenue, 26th Floor, New York, New York 10103 on Thursday, May 11, 2017 at 9:00 a.m., local time, and at any adjournment and postponement thereof. We mailed, through intermediaries, on or about March 28, 2017, a Notice Regarding the Availability of Proxy Materials (the “Notice”) to our stockholders of record as of March 16, 2017. As a result, beginning on the date of the mailing of the Notice, all stockholders of record had the ability to access all of the proxy materials and the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 (“2016 Annual Report”) on a website referred to in the Notice and as set forth above. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the proxy statement and 2016 Annual Report. The Notice also instructs you on how you may submit your proxy over the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained on the Notice.

The mailing address of our principal executive offices is 275 Madison Avenue, New York, New York 10016. We maintain an Internet website at www.nymtrust.com. Information at or connected to our website is not and should not be considered part of this proxy statement.

We will bear the costs of this solicitation including the costs of preparing, assembling and mailing proxy materials and the handling and tabulation of proxies received. In addition to solicitation through the Internet or by mail, proxies may be solicited by our directors, officers and employees, at no additional compensation, by telephone, personal interviews or otherwise. Banks, brokers or other nominees and fiduciaries will be requested to forward the Notice and information on how to access the proxy materials to beneficial owners of our common stock and to obtain authorization for the execution of proxies. We will, upon request, reimburse such parties for their reasonable expenses in forwarding proxy materials to beneficial owners.

No person is authorized to give any information or to make any representation not contained in this proxy statement and, if given or made, you should not rely on that information or representation as having been authorized by us. The delivery of this proxy statement shall not, under any circumstances, imply that there has been no change in the information set forth since the date of this proxy statement.

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Purposes of the Annual Meeting

The principal purposes of the Annual Meeting are to: (1) elect the six directors nominated and recommended by our Board of Directors, each to serve until the 2018 Annual Meeting of Stockholders or until such time as their respective successors are elected and qualified (“Proposal No. 1”); (2) hold an advisory vote to approve named executive officer compensation (“Proposal No. 2”); (3) consider and act upon a proposal to approve our 2017 Equity Incentive Plan (“Proposal No. 3”); (4) consider and act upon a proposal to ratify, confirm, and approve the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017 (“Proposal No. 4”); and (5) transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. Our Board of Directors knows of no other matters other than those stated above to be brought before the Annual Meeting.

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VOTING

How to Vote Your Shares

You may vote your shares at our Annual Meeting in person. If you cannot attend our Annual Meeting in person, or you wish to have your shares voted by proxy even if you do attend our Annual Meeting, you may vote by duly authorized proxy on the Internet, by telephone or by mail. We encourage you to follow the instructions on how to vote as described below and as set forth in the Notice and the proxy card. Maryland law provides that a vote by Internet or telephone carries the same validity as your completion and delivery of a proxy card. In order to vote on the Internet, you must first go to <http://www.proxyvote.com>, have your Notice or proxy card in hand and follow the instructions.

In order to vote by telephone, you must call (800) 690-6903, have your Notice or proxy card in hand and follow the instructions.

Stockholders of record may vote by signing, dating and returning a proxy card in a postage-paid envelope. You may request a proxy card postage-paid envelope from us as instructed in the Notice. Properly signed and returned proxies will be voted in accordance with the instructions contained therein.

Registered Holders, Beneficial Owners and “Broker Non-Votes”

Registered Holders. If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are considered the registered stockholder of record with respect to those shares, and a Notice is being sent directly to you. As the registered stockholder of record, you have the right to grant your voting proxy directly to the Company through a proxy card, through the Internet or by telephone or to vote in person at the Annual Meeting.

If you are a registered stockholder of record and you indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors, or you sign and return a proxy card without giving specific voting instructions, the proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owners and “Broker Non-Votes.” A large number of our stockholders hold their shares through a broker, trustee, bank or other nominee rather than directly in their own name. If your shares are held in a stock brokerage account or by a bank, trustee or other nominee, you are considered the beneficial owner of the shares, while the broker, trustee, bank or nominee holding your shares is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, trustee, bank or nominee on how to vote and are also invited to attend the Annual Meeting. If your shares are held in this manner, your broker, trustee, bank or nominee will provide you with instructions for you to use in accessing the proxy materials and directing the broker, trustee, bank or nominee on how to vote your shares. If your shares are not directly registered in your own name and you plan to vote your shares in person at the Annual Meeting, you must contact the bank, broker, trustee or other nominee that holds your shares to obtain a legal proxy or broker’s proxy card and bring it to the Annual Meeting in order to vote.

If you are the beneficial owner of shares that are held in a stock brokerage account or by a bank or other nominee and you do not provide the organization that holds your shares with specific voting instructions, by rule, the organization that holds your shares may generally vote at its discretion on routine matters only. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization

will inform Broadridge Financial Solutions, Inc., which is receiving and tabulating the proxies, that it does not have the authority to vote your shares on non-routine matters. This is generally referred to as a “broker non-vote.” Because the proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm is a routine matter for which specific instructions from beneficial owners are not required, no broker non-votes will arise in the context of voting for the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. Conversely, the election of directors and the proposal to approve our 2017 Equity Incentive Plan are non-routine matters for which specific instructions from beneficial owners are required and thus, broker non-votes may arise. Additionally, the Securities and Exchange Commission (“SEC”) has specifically prohibited broker discretionary voting of uninstructed shares with respect to the advisory vote to approve named executive officer compensation. As a result, if you hold your shares through a broker, bank or other nominee, your broker, bank or other nominee cannot vote your shares on the election of directors, the vote on our 2017 Equity Incentive Plan or the advisory vote to approve named executive officer compensation in the absence of your specific instructions as to how to vote on these matters. In order for your vote to be counted, please make sure that you provide specific voting instructions to your broker, bank or other nominee.

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How to Revoke Your Proxy

If you have already voted your proxy on the Internet or by telephone or returned your proxy to us by mail, you may revoke your proxy at any time before it is exercised at our Annual Meeting by any of the following actions:

- by notifying our Investor Relations in writing that you would like to revoke your proxy;
- by completing, at or before our Annual Meeting, a proxy card on the Internet, by telephone or by mail with a later date; or
- by attending our Annual Meeting and voting in person. (Note, however, that your attendance at our Annual Meeting, by itself, will not revoke a proxy you have already returned to us; you must also vote your shares in person at our Annual Meeting to revoke an earlier proxy.)

If your shares of common stock are held on your behalf by a broker, bank or other nominee, you must contact them to receive instructions as to how you may revoke your proxy instructions.

Record Date for Our Annual Meeting; Who Can Vote at Our Annual Meeting; Voting Procedures and Vote Required

Our Board of Directors has fixed the close of business on March 16, 2017 as the record date for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting and all adjournments or postponements thereof. On all matters to come before the Annual Meeting, each holder of record of our common stock as of the close of business on March 16, 2017 will be entitled to vote at the Annual Meeting and will be entitled to one vote for each share of common stock owned as of such date. As of the close of business on March 16, 2017, the Company had 111,843,236 shares of common stock outstanding.

The representation in person or by proxy of a majority of all the votes entitled to be cast on the matters to be considered at the meeting is necessary to provide a quorum for the transaction of business at the Annual Meeting. Your shares will be counted as present at the Annual Meeting if you are present and entitled to vote at the Annual Meeting, or you have properly submitted a proxy card or voting instruction card, or voted by telephone or over the Internet. Both abstentions and broker non-votes are counted for purposes of determining the presence of a quorum. If a quorum is not present, the Annual Meeting may be adjourned by the vote of a majority of the shares represented at the Annual Meeting until a quorum has been obtained.

With respect to the election of directors, the vote of a plurality of all the votes cast at the Annual Meeting at which a quorum is present is necessary for the election of a director. The six nominees who receive the most votes will be elected. There is no cumulative voting in the election of directors. Abstentions and broker non-votes will not be counted as votes cast and, because the vote of a plurality is required, will have no effect on the result of the vote for election of directors.

With respect to the advisory vote to approve named executive officer compensation, the affirmative vote of a majority of the votes cast on this proposal at the Annual Meeting is necessary for approval, on an advisory basis, of our named executive officer compensation. Abstentions and broker non-votes will not count as votes cast on the advisory vote to approve named executive officer compensation, and thus will have no effect on the result of the vote on this proposal.

With respect to the vote to approve our 2017 Equity Incentive Plan, the affirmative vote of a majority of the votes cast on this proposal at the Annual Meeting will be required for approval. Pursuant to Maryland law, abstentions will not be counted as votes cast on this proposal and thus will have no effect on the result of the vote on this proposal. As discussed above, brokers and nominees do not have discretionary authority to vote on the proposal to approve our 2017 Equity Incentive Plan and accordingly, a broker non-vote will not be counted as a vote “for” or “against” this proposal, although it will be counted as present for purposes of establishing a quorum. As a result, abstentions and

broker non-votes will have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

With respect to the proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm, the affirmative vote of a majority of the votes cast on this matter at the Annual Meeting is necessary for ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. Abstentions will not count as votes cast on this proposal and thus will have no effect on the result of the vote. As noted above, no broker non-votes will arise in the context of the proposal to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.

Pursuant to our charter, holders of shares of our common stock are not entitled to exercise appraisal rights under the Maryland General Corporation Law unless our Board of Directors, upon the affirmative vote of a majority of our Board of Directors, shall determine that such rights apply to one or more transactions occurring after the date of such determination. Our Board of Directors has made no such determination with respect to the business to be considered at the Annual Meeting.

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PROPOSAL NO. 1: ELECTION OF DIRECTORS

The six persons named below have been nominated to serve on our Board of Directors until the 2018 Annual Meeting of Stockholders or until such time as their respective successors are elected and qualified. Our Board of Directors is currently comprised of six directors. Each nominee is currently a director of the Company and has consented to stand for election at the Annual Meeting. The Board of Directors has no reason to believe that the persons named below as nominees for directors will be unable, or will decline to serve, if elected. For additional information regarding our corporate governance and these nominees, see “Information on Our Board of Directors and Its Committees” below.

Board Considerations in Recommending These Nominees

Our Board of Directors believes that the Board of Directors, as a whole, should encompass a range of talent, skill, diversity, and expertise enabling it to provide sound guidance with respect to our operations and interests. In identifying qualified director nominees, the Nominating & Corporate Governance Committee of our Board of Directors, and our Board consider, among other things, a candidate’s experience, skills, accomplishments, background, age, diversity, willingness to serve and commitment to the Company, and then review those qualities in the context of the current composition of our Board and the evolving needs of our business. Because we are listed on the Nasdaq Global Select Market, we are required to have at least a majority of our directors qualify as “independent,” as such term is defined by the Nasdaq Stock Market (“Nasdaq”). The Nominating & Corporate Governance Committee identifies candidates for election to our Board of Directors with input from our other directors, reviews the qualities listed above and recommends to our Board of Directors individual nominees for director.

Our Board of Directors seeks director nominees with strong reputations, experience, competence, or expertise in areas relevant to the strategy and operations of our business, particularly in the finance or mortgage industries, or the proper and effective functioning of our Board of Directors. Each of the nominees for election as a director at the Annual Meeting holds or has held important positions and has operating experience or other relevant experience that meets this objective. In these positions, they have also gained experience in some or all of the following: core management skills, such as strategic and financial planning, public company financial reporting, accounting, corporate governance, risk management, and leadership development.

Our Board of Directors also believes that each of the nominees listed below has other key attributes that are important to a properly functioning and effective board, including integrity and high ethical standards, sound judgment, analytical skills, the ability and desire to engage management and each other in a constructive fashion, and the commitment to devote significant time and energy to service on our Board of Directors and its committees.

Nominees for Election as Directors

The following table sets forth the names and biographical information concerning each of the directors nominated for election at the Annual Meeting:

Name	Principal Occupation	Director Since	Age
Steven R. Mumma†	Chairman and Chief Executive Officer	2007	58
Kevin M. Donlon	President	2016	48
David R. Bock*	Managing Partner of Federal City Capital Advisors	2012	73
Michael B. Clement*	Professor of Accounting at University of Texas at Austin	2016	60
Alan L. Hainey*	Owner and Manager of Carolina Dominion, LLC	2004	70
Steven G. Norcutt*	President of Schafer Richardson, Inc.	2004	57

Our Board of Directors has affirmatively determined that these director nominees currently are independent under *the criteria described below in “Information on Our Board of Directors and Its Committees—Board Leadership Structure” and “Information on Our Board of Directors and Its Committees—Independence of Our Board of Directors.” Chairman of our Board of Directors.

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Steven R. Mumma is our Chairman and Chief Executive Officer. Mr. Mumma has served as Chairman of our Board of Directors effective since March 30, 2015. Mr. Mumma has served as Chief Executive Officer since February 3, 2009. Mr. Mumma was appointed President, a role he held until May 2016, and Co-Chief Executive Officer effective March 31, 2007, which marked the divestment of the Company's mortgage lending business, and served as Chief Financial Officer from November 2006 to October 2010. Prior to serving in the above capacities, Mr. Mumma served as our Chief Investment Officer, a position to which he was named in July 2005, and as Chief Operating Officer, commencing in November 2003. From September 2000 to September 2003, Mr. Mumma was a Vice President of Natexis ABM Corp., a wholly-owned subsidiary of Natexis Banques Populaires. From 1997 to 2000, Mr. Mumma served as a Vice President of Mortgage-Backed Securities trading for Credit Agricole. Prior to joining Credit Agricole, from 1988 to 1997, Mr. Mumma was a Vice President of Natexis ABM Corp. Prior to joining Natexis ABM Corp., from 1986 to 1988, Mr. Mumma was a Controller for PaineWebber Real Estate Securities Inc., the mortgage-backed trading subsidiary of PaineWebber Inc. Prior to joining PaineWebber, from 1981 to 1985, Mr. Mumma worked for Citibank in its Capital Markets Group, as well as for Ernst & Young LLP. Mr. Mumma received a B.B.A. cum laude from Texas A&M University.

Our Board concluded that Mr. Mumma should serve as a director of the Company because of his significant operational, financial and accounting experience in, and knowledge of, the Company, which he has served since shortly after our inception in 2003, and the broader mortgage-backed securities industry, where he has worked for more than 20 years. As Chairman and Chief Executive Officer of the Company, Mr. Mumma also serves as a critical link between management and our Board of Directors.

Kevin M. Donlon is our President, a position he has held since joining the Company in May 2016. Mr. Donlon's diverse career has spanned many facets of the real estate capital markets, including roles as chief executive, principal investor, investment banker, consultant and entrepreneur. Mr. Donlon founded RiverBanc LLC ("RiverBanc") in 2010 and served as its Chief Executive Officer from its inception in 2010 until its acquisition by us in May 2016. Prior to founding RiverBanc, Mr. Donlon was a Managing Director with BlackRock from January 2010 until August 2010 following its acquisition of Helix Financial Group LLC in January 2010. Mr. Donlon founded Helix Financial Group LLC in May 2004 to provide advisory, underwriting and analytical services to the commercial real estate capital markets arena and served as its Managing Partner from May 2004 to January 2010. As Managing Partner of Helix Financial Group LLC, Mr. Donlon managed a team of more than 175 employees. From 1997 to 2004, Mr. Donlon was a Principal in the CMBS Capital Markets Group of Banc of America Securities LLC where he managed over \$10 billion of loan origination, securities underwriting and debt placement. During his seven years with Banc of America Securities LLC, Mr. Donlon participated in all facets of the capital markets, including large loan origination, credit tenant lease financing, credit derivatives, and mergers and acquisitions. Between 1991 and 1996, Mr. Donlon worked with KPMG LLP and Kenneth Leventhal & Co., where he specialized in the valuation, due diligence and financial modeling of both performing and nonperforming commercial real estate. Mr. Donlon received a Bachelor of Science in Accounting from The Pennsylvania State University and has been Certified as a Public Accountant in the State of Maryland (inactive).

Our Board concluded that Mr. Donlon should serve as a director of the Company because of his knowledge of, and experience in, the multi-family property credit business, as well as his diverse career in the real estate capital markets.

David R. Bock has served as a member of our Board of Directors since January 2012. Mr. Bock is a Managing Partner of Federal City Capital Advisors, a Washington, D.C.-based business and financial advisory services company, and has held this position since 2004. Mr. Bock has a background in international economics and finance, capital markets and organizational development, having served as a Managing Director of Lehman Brothers and in various executive roles at the World Bank, including as the chief of staff for the World Bank's lending operations. Mr. Bock was the Chief Financial Officer of I-Trax, Inc., a publicly traded healthcare company prior to its sale to Walgreen's in 2008, and previously the Chief Financial Officer of Pedestal Inc., an online mortgage trading platform. Mr. Bock served as

interim Chief Executive Officer of Oxford Analytica in 2010. Mr. Bock began his professional career with McKinsey & Co. following completion of an advanced degree in economics from Oxford University, where he was a Rhodes Scholar. He received a B.A. in philosophy from the University of Washington. Mr. Bock currently serves on the Boards of the Pioneer Funds complex, where he serves as chairman of the audit committee, and the Swiss-Helvetia Fund, where he also serves on the audit committee, as well as various private and charitable organizations. Mr. Bock previously served on our Board of Directors from 2004 to 2009.

Our Board concluded that Mr. Bock should serve as a director of the Company because of his extensive expertise in economics, finance and accounting and his prior experiences in our industry, as well as his prior experiences as a Chief Financial Officer, Chief Executive Officer and director of other companies.

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Michael B. Clement has served as a member of our Board of Directors since June 2016. Mr. Clement has been a professor in the Department of Accounting at the University of Texas at Austin since 2011 and has held associate professor and assistant professor positions in the Department of Accounting at the University of Texas at Austin since 1997. Mr. Clement was the Vice President of Global Investment Research for Goldman Sachs & Co. from 2002 until 2004. Mr. Clement was the Vice President of Capital Planning and Analysis from 1988 to 1991 and a Manager of the Audit Division from 1982 to 1986 at Citicorp. Prior to his employment at Citicorp, Mr. Clement was a Senior Assistant Accountant at Deloitte Haskins & Sells. Mr. Clement holds a B.B.A. in Accounting from Baruch College, an M.B.A. in Finance from the University of Chicago and a Ph.D. in Accounting from Stanford University.

Our Board concluded that Mr. Clement should serve as a director of the Company because of his significant expertise in accounting and his prior experience working in the finance industry.

Alan L. Hainey has served as a member of our Board of Directors since the completion of our initial public offering (“IPO”) in June 2004 and became our Lead Director on March 30, 2015. Mr. Hainey is the owner and manager of Carolina Dominion, LLC, a real estate brokerage development and investment firm that he founded in 2004. In 2001, Mr. Hainey incorporated and funded the Merrill L. Hainey Family Foundation, a not-for-profit charitable organization dedicated to academic achievement through scholarships, where he continues to serve as President. From 1996 to 2000, Mr. Hainey operated an independent consulting practice providing advisory and marketing services to clients engaged in insurance, mortgage finance and investment management. From 1990 to 1996, Mr. Hainey served as President and Chief Operating Officer of GE Capital’s mortgage banking businesses and was a member of GE Capital’s corporate executive council. From 1983 to 1990, Mr. Hainey served as President of GE Capital Mortgage Securities. Mr. Hainey received a B.A. with honors and a J.D. from the University of Missouri and a Master of Management with distinction from the Kellogg School of Northwestern University.

Our Board concluded that Mr. Hainey should serve as a director of the Company because of his valuable business, leadership and management skills obtained during his 30-plus years in the mortgage banking business, including as President of GE Capital’s mortgage banking business and as a member of its executive council.

Steven G. Norcutt has served as a member of our Board of Directors since completion of our IPO in June 2004. Mr. Norcutt has served since October 2009 as the President of Schafer Richardson, Inc., a commercial real estate management, construction, development, leasing and investment company based in Minneapolis, Minnesota. From April 2008 to October 2009, Mr. Norcutt served as Senior Vice President – Regional Manager of Guaranteed Rate Mortgage, a residential mortgage banking company headquartered in Chicago, Illinois. Prior to joining Guaranteed Rate, Mr. Norcutt served as Executive Vice President and Chief Operating Officer of Centennial Mortgage and Funding, Inc., a residential mortgage banking company based in Minnesota. Prior to joining Centennial Mortgage and Funding, Inc., Mr. Norcutt served as Senior Vice President and Portfolio Manager of Structured Finance for Reliastar Investment Research, Inc. from 1993 through 2001. Mr. Norcutt joined Reliastar Investment Research, Inc. in 1988 as Vice President and Portfolio Manager of Residential Mortgage Loans. Mr. Norcutt received an M.B.A. in Finance from the Carlson School of Business at the University of Minnesota and a B.S. in Finance from St. Cloud State University.

Our Board concluded that Mr. Norcutt should serve as a director of the Company because of his extensive operating, business and financial experience from significant tenures in both the mortgage lending and mortgage portfolio management businesses, as well as his current role as President of a commercial real estate company.

Our Board of Directors recommends that stockholders vote “FOR” the election of each of the nominees.

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PROPOSAL NO. 2: ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

Section 14A of the Securities Exchange Act added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) provides our stockholders with an advisory vote to approve our named executive officer compensation. This advisory vote gives our stockholders the opportunity to express their views on the compensation of our named executive officers. Although this vote is advisory and is not binding, the Board of Directors and the Compensation Committee plan to take into consideration the outcome of the vote when making future executive compensation decisions.

At our 2013 Annual Meeting of Stockholders, a majority of stockholders voted in favor of having an advisory vote to approve our named executive officer compensation each year, consistent with the recommendation of our Board. After consideration of these results and our Board’s recommendation, we elected to hold future advisory votes on named executive officer compensation each year until the next advisory vote on frequency occurs. We are required under the Dodd-Frank Act to hold an advisory vote on a frequency of at least every six years.

As described in detail under “Executive Compensation—Compensation Discussion and Analysis,” our compensation program for 2016 was designed to compensate our named executive officers in a manner that attracts and retains top performing employees, motivates our management team by tying compensation to our financial performance, and rewards exceptional individual performance that supports our overall objectives, while also consistent with our needs as a company to maintain an appropriate expense structure. Our Board of Directors believes that our current executive compensation program compensates our named executive officers in an appropriate manner in relation to the size and performance of the Company and properly aligns the interests of our named executive officers with those of our stockholders. We utilized the 2013 Incentive Compensation Plan as effective for fiscal year 2016 (the “Annual Incentive Plan”), a performance-based incentive compensation plan that serves as a means of linking compensation both to our overall performance and to objective and subjective performance criteria that are within the control of our named executive officers, for determining incentive compensation payable to our named executive officers for performance in 2016.

See the information set forth under “Executive Compensation—Compensation Discussion and Analysis” and “Executive Compensation—Executive Compensation Information” for more information on these elements of our named executive officer compensation program.

For these reasons, the Board of Directors strongly endorses our named executive officers compensation program and recommends that stockholders vote in favor of the following resolution:

“RESOLVED, that the Company’s stockholders approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed under the compensation disclosure rules of the SEC, including the “Executive Compensation—Compensation Discussion and Analysis,” compensation tables and narrative discussion contained in the proxy statement for the 2017 annual meeting of stockholders.”

Our Board of Directors recommends that stockholders vote “FOR” the approval, on an advisory basis, of our named executive officer compensation.

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PROPOSAL NO. 3: APPROVAL OF THE 2017 EQUITY INCENTIVE PLAN

At the Annual Meeting, stockholders will be asked to approve the New York Mortgage Trust, Inc. 2017 Equity Incentive Plan (the “2017 Equity Incentive Plan”). Upon the recommendation of the Compensation Committee, our Board of Directors adopted the 2017 Equity Incentive Plan on March 23, 2017 (the “Effective Date”), subject to the approval of our stockholders. As of March 16, 2017, only 94,043 shares of our common stock remained available for issuance under the 2010 Stock Plan, and those shares are currently reserved for issuance upon satisfaction of the terms of the performance share award grant in 2015. The Board believes that the 2010 Stock Plan has assisted in our recruitment and retention of key employees and has helped align their interests with the interests of our stockholders. The Board believes that the 2017 Equity Incentive Plan will also promote these interests.

We believe that approval of the 2017 Equity Incentive Plan will give us the flexibility to make stock-based awards and other awards permitted under the 2017 Equity Incentive Plan over the next five to seven years in amounts determined appropriate by the Committee (as defined below); however, this timeline is simply an estimate used to determine the number of additional common shares requested pursuant to the 2017 Equity Incentive Plan and future circumstances may require a change to expected equity grant practices. These circumstances include but are not limited to the future price of our common stock, award levels and amounts provided by our competitors and our hiring activity over the next few years. The closing market price of our shares of common stock as of March 16, 2017 was \$6.44 per share, as reported on the Nasdaq.

As of March 16, 2017, the total number of outstanding shares of common stock was 111,843,236. When our Board of Directors first approved our 2010 Stock Plan in March 2010, which reserved up to 1,190,000 shares for issuance, our dilution (which is the number of shares of common stock available for grant under the 2010 Stock Plan, divided by the total number of shares of our common stock outstanding) was approximately 10%. Our current dilution is less than 1%. If the 2017 Equity Incentive Plan is approved by stockholders, the potential dilution from issuances authorized under the 2017 Equity Incentive Plan will increase to approximately 5%. While we are aware of the potential dilutive effect of compensatory equity awards, we also recognize the significant motivational and performance benefits that may be achieved from making such awards.

The 2017 Equity Incentive Plan is intended to replace the 2010 Stock Plan. Upon stockholder approval of the 2017 Equity Incentive Plan, the 2010 Stock Plan will terminate and no further grants will be made under the 2010 Stock Plan. However, any outstanding awards under the 2010 Stock Plan will continue in accordance with the terms of the 2010 Stock Plan and any award agreement executed in connection with such outstanding awards.

Consequences of Failing to Approve the Proposal

As discussed above, when giving effect to shares reserved for issuance pursuant to currently outstanding awards, our 2010 Stock Plan effectively has no shares remaining for future equity awards. If the 2017 Equity Incentive Plan is not approved, we may be compelled to increase significantly the cash component of our employee and director compensation, which may not necessarily align employee and director compensation interests with the investment interests of our stockholders as well as alignment provided by equity-based awards. Replacing equity awards with cash also would increase cash compensation expense and use cash that could be better utilized if reinvested in our businesses or returned to our stockholders. If the 2017 Equity Incentive Plan is not approved by stockholders, the 2010 Stock Plan will remain in effect.

Description of the 2017 Equity Incentive Plan

A summary description of the material features of the 2017 Equity Incentive Plan is set forth below. This summary does not purport to be a complete description of all the provisions of the 2017 Equity Incentive Plan and is qualified in its entirety by reference to the 2017 Equity Incentive Plan, which is attached as Appendix A to this proxy statement and incorporated by reference in its entirety. The purpose of the 2017 Equity Incentive Plan is to provide incentives to our employees, non-employee directors and other service providers to stimulate their efforts toward our continued success, long-term growth and profitability and to attract, reward and retain key personnel.

Administration

The 2017 Equity Incentive Plan is administered by the Compensation Committee of the Board, except that with respect to awards made to non-employee directors, the 2017 Equity Incentive Plan is administered by the Board. Unless otherwise determined by the Board, the Compensation Committee shall consist solely of two or more non-employee directors, each of whom is intended to qualify as a “non-employee director” as defined by Rule 16b-3 of the Securities Exchange Act of 1934 (the “Exchange Act”), an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) and an “independent director” under the rules of any exchange on which our common stock is listed.

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The Compensation Committee may delegate to a subcommittee of directors or to one or more of our officers all or part of the Compensation Committee's authority and duties under the 2017 Equity Incentive Plan, provided that such delegation does not (a) violate state or corporate law, (b) result in a loss of exemption under Rule 16b-3(d)(1) of the Exchange Act with respect to an award or (c) cause an award intended to qualify under Section 162(m) of the Code to fail to so qualify. This summary uses the term "Committee" to refer to the Compensation Committee and any delegate of the Compensation Committee, or in the case of awards made to non-employee directors, the Board.

Subject to the terms of the 2017 Equity Incentive Plan, the Committee may select participants who receive awards and will determine the types of awards and the terms and conditions of awards. The Committee also may interpret the provisions of the 2017 Equity Incentive Plan.

Number of Shares; Award Limitations

A total of 5,570,000 shares of our common stock are authorized to be issued under the 2017 Equity Incentive Plan, which number also represents the maximum aggregate number of shares of common stock that may be issued under the 2017 Equity Incentive Plan through incentive stock options. This number represents approximately 5% of our outstanding common stock on a fully-diluted basis. The closing sale price of a share of our common stock, as quoted on the Nasdaq on March 16, 2017, was \$6.44.

Source of Shares

The shares of our common stock issuable under the 2017 Equity Incentive Plan consist of authorized but unissued shares. If any shares covered by an award are not issued or are forfeited, if an award is settled in cash or if an award otherwise terminates without issuance and delivery of any shares of common stock, then the number of shares of common stock that are forfeited, terminated or settled in cash will again be available for making awards under the 2017 Equity Incentive Plan. Shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any award shall not be available for future grants or awards.

To the extent intended to comply with the performance-based exception under 162(m) of the Code, awards granted to participants under the 2017 Equity Incentive Plan are subject to the following limitations: (a) the number of shares that may be the subject of awards (other than awards designated to be paid only in cash or the settlement of which is not based on a number of shares of common stock) granted to a participant in any calendar year may not exceed 1,500,000 and (b) the value of awards designated to be paid only in cash, or the settlement of which is not based on a number of shares of common stock, granted to a participant in any calendar year may not exceed \$10,000,000. Each of these limitations shall be multiplied by two for a participant during the first calendar year of their employment with the Company. The aggregate grant date fair value of all awards granted under the 2017 Equity Incentive Plan to each non-employee director in any calendar year may not exceed \$500,000.

Eligibility

Awards may be made under the 2017 Equity Incentive Plan to our or our affiliates' employees, non-employee directors and to any other individual who provides services to us or an affiliate and whose participation in the 2017 Equity Incentive Plan is determined, by the Committee, to be in our best interests of our Company.

We currently have 4 executive officers, 15 other employees and 4 non-employee directors, all of whom are eligible to receive awards under the 2017 Equity Incentive Plan.

Options

The 2017 Equity Incentive Plan permits the grant of options to purchase shares of common stock intended to qualify as incentive stock options under the Code, and stock options that do not qualify as incentive stock options, referred to as nonqualified stock options. The exercise price of each stock option may not be less than 100% of the fair market value of our common stock on the date of grant (110% in the case of incentive stock options granted to a participant holding 10% or more of the Company's common stock). The Committee may, in its sole discretion and without the consent of the participant, grant options in substitution for options held by employees of companies that we may acquire. In this case, the exercise price would be adjusted to preserve the acquisition date intrinsic value of the employee's stock option from his or her former employer.

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The term of each stock option will be fixed by the Committee but may not exceed 10 years from the date of grant (five years in the case of incentive stock options granted to a participant holding 10% or more of the Company's common stock). The Committee will determine at what time or times each option may be exercised and the period of time, if any, after termination of employment during which options may be exercised. Except in the case of certain substitutions or certain changes in our capitalization, such as a stock dividend, stock split, extraordinary cash dividend, subdivision or consolidations of shares that affect the number of shares of our common stock or the fair market value of our common stock, the exercise price of an option may not be reduced after its grant without the approval of our stockholders. In addition, no payment may be made in cancellation of an option whose exercise price exceeds fair market value without the approval of our stockholders.

In general, an optionee may pay the exercise price of an option by cash, certified check, by tendering shares of common stock, by attestation of ownership of shares of common stock, by means of a broker-assisted cashless exercise, or in any other form or manner acceptable to the Committee. Any rights or restrictions with respect to the ability to transfer an option shall be set forth in the applicable award agreement, except that any option may be transferred by will or by the laws of descent and distribution. Incentive stock options granted under the 2017 Equity Incentive Plan are nontransferable other than by will or laws of descent and distribution.

Stock Appreciation Rights

Stock appreciation rights, or SARs, may be awarded under the 2017 Equity Incentive Plan. Stock appreciation rights entitle the participant to receive a number of shares of common stock, cash or a combination of shares and cash, based on the increase in the fair market value of the shares from their grant date fair market value. The term of any SAR will be determined by the Committee, but in no event will an SAR have a term of more than 10 years from the date of grant (five years in the case of an SAR that is related to an incentive stock option granted to a participant holding 10% or more of the Company's common stock). Any rights or restrictions with respect to the ability to transfer an SAR shall be set forth in the applicable award agreement, except that any SAR may be transferred by will or by the laws of descent and distribution. An SAR that relates to an incentive stock option is nontransferable other than by will or laws of descent and distribution.

Stock Awards

The 2017 Equity Incentive Plan also permits the grant of stock awards, either in the form of restricted stock or unrestricted common stock. A participant's rights in the stock award may be nontransferable or forfeitable or both for a period of time or subject to the attainment of certain goals tied to performance criteria. These performance goals may include, for example, a requirement that we or any of our affiliates or the participant achieve objectives based on any of the performance criteria listed below.

Restricted Stock Units

The 2017 Equity Incentive Plan also allows the grant of restricted stock units, or RSUs, meaning the right to receive common stock, cash or a combination of common stock and cash in the future. At the time the RSU is granted, the Committee will specify the terms and conditions which govern the RSU, and will specify whether dividend equivalent rights are granted in connection with the RSUs. A participant's rights in the RSU may be nontransferable or forfeitable or both for a period of time or subject to the attainment of certain goals tied to performance criteria (or a combination of the two). These performance goals may include, for example, a requirement that we or any of our affiliates or the participant achieve objectives based on any of the performance criteria listed below.

Performance Awards

Performance awards are awards granted to participants that are based upon performance goals specified by the Committee. The Committee may designate participants to receive performance awards and may specify the number of shares of common stock or the other securities or property covered by such awards as well as the terms and conditions of the awards. At the time the performance award is granted, the Committee will specify the terms and conditions which govern the performance award and will specify whether dividend equivalent rights are granted in connection with the performance award. A participant will be entitled to receive payment pursuant to the performance award, subject to continued employment or service and/or the satisfaction of certain goals tied to performance criteria. These performance goals may include, for example, a requirement that we or any of our affiliates or the participant achieve objectives based on any of the performance criteria listed below. The performance period applicable to any

performance award shall be set by the Committee but may not exceed 10 years. Performance awards may be settled in cash, by the issuance of shares, by the delivery of other securities or property or a combination thereof.

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Other Equity-Based Awards

Other equity-based awards means awards, other than incentive awards, options, SARs, stock awards, restricted stock unit awards, or performance awards, that entitle the participant to receive shares of common stock or rights or units valued in whole or in part by reference to, or otherwise based on, common stock or other equity interests. The Committee may designate participants to receive other equity-based awards and will specify the number of shares of common stock or the other securities or property covered by such awards as well as the terms and conditions of the awards. At the time such other equity-based award is granted, the Committee will specify the terms and conditions which govern the award and will specify whether dividend equivalent rights are granted in connection with the award. Other equity-based awards may be settled in shares of common stock, cash, or a combination of the two.

Incentive Awards

Incentive awards entitle the participant to receive a single lump sum payment which may be in cash, shares of common stock or a combination of cash and shares of common stock, in the discretion of the Committee. At the time an incentive award is granted, the Committee will specify the terms and conditions which govern the award.

Substitute Awards

Awards may be granted in substitution or exchange for any other award granted under the 2017 Equity Incentive Plan or under another plan or any other right of a participant to receive payment from us. Awards may be also be granted under the 2017 Equity Incentive Plan in substitution for similar awards held by individuals who become participants as a result of a merger, consolidation, acquisition or similar transaction.

Performance Criteria

Section 162(m) of the Code limits publicly traded companies to an annual deduction for federal income tax purposes of \$1,000,000 for compensation paid to each of their chief executive officer, chief financial officer and the other three highest compensated executive officers. However, performance-based compensation is excluded from this limitation. The 2017 Equity Incentive Plan is designed to permit the Committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m) of the Code.

The Committee will use one or more of the following business criteria, on a consolidated basis, and/or with respect to an affiliate or specified business unit (except with respect to the total stockholder return and earnings per share criteria), in establishing performance goals for awards (other than options and stock appreciation rights) that are intended to qualify as performance-based compensation under Section 162(m) of the Code:

- total stockholder return;
- total stockholder return as compared to total return (on a comparable basis) of a publicly available index;
- net income;
- pretax earnings;
- funds from operations;
- earnings before interest, expense, taxes, depreciation and amortization;
- operating margin;
- earnings per share;
- return on equity, capital, assets or investments;
- operating earnings;
- working capital;
- ratio of debt to stockholders' equity;
- revenue; and
- total economic return.

These criteria may be determined pre-tax or post-tax, on an absolute or relative basis, as a ratio with other business criteria, or as compared to the performance of a published or special index deemed applicable by the Committee.

Adjustments for Stock Dividends and Similar Events

The Board will make appropriate adjustments in the number and terms of outstanding awards and the number of shares of common stock available for issuance under the 2017 Equity Incentive Plan, including the individual limitations on awards, to reflect common stock dividends, stock splits, spin-off and other similar events listed in the

2017 Equity Incentive Plan.

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Change in Control

The 2017 Equity Incentive Plan provides that the Committee is authorized to take certain actions if there is a change in control of our Company. The Committee may prescribe that (i) outstanding awards will become vested or exercisable upon the change in control, (ii) outstanding awards will be replaced with substitute awards issued by the surviving company in the change in control or (iii) outstanding awards will be cancelled in exchange for a payment equal to the amount received by our stockholders in the transaction or, in the case of options and stock appreciation rights, the amount by which that value exceeds the option exercise price or initial value of the stock appreciation right. Under the 2017 Equity Incentive Plan, a change in control is generally defined to include (i) the acquisition by any person of the direct or indirect beneficial ownership of at least 50% of our outstanding voting securities; (ii) the transfer of all or substantially all of our assets; (iii) a merger, consolidation or statutory share exchange where our stockholders hold less than 50% of the voting power of the surviving or resulting entity; (iv) our directors, including subsequent directors recommended or approved by our directors, cease to constitute a majority of the Board; or (v) the complete liquidation of our Company or of all or substantially all of our assets.

Amendment or Termination of the 2017 Equity Incentive Plan

While the Board may terminate or amend the 2017 Equity Incentive Plan at any time, no amendment may adversely impair the rights of participants with respect to outstanding awards. In addition, any amendment will be contingent on approval of our stockholders to the extent required by law, the rules of Nasdaq or other exchange on which our common stock is then listed or if the amendment would increase the benefits accruing to participants under the 2017 Equity Incentive Plan, materially increase the aggregate number of shares of common stock that may be issued under the 2017 Equity Incentive Plan (except for adjustments made in connection with a stock dividend or similar event), or materially modify the requirements as to eligibility for participation in the 2017 Equity Incentive Plan.

Unless terminated earlier, the 2017 Equity Incentive Plan will terminate on the tenth anniversary of the Effective Date, but will continue to govern unexpired awards.

Federal Income Tax Consequences

The following discussion is for general information only and is intended to summarize briefly the United States federal income tax consequences to participants arising from participation in the 2017 Equity Incentive Plan. This description is based on current law, which is subject to change (possibly retroactively). The tax treatment of a participant in the 2017 Equity Incentive Plan may vary depending on his particular situation and may, therefore, be subject to special rules not discussed below. No attempt has been made to discuss any potential foreign, state, or local tax consequences. In addition, nonqualified stock options and SARs with an exercise price less than the fair market value of shares of common stock on the date of grant, SARs payable in cash, restricted stock units, and certain other awards that may be granted pursuant to the 2017 Equity Incentive Plan, could be subject to additional taxes unless they are designed to comply with certain restrictions set forth in Section 409A of the Code and guidance promulgated thereunder.

Tax Consequences to Participants

Options and SARs. Participants will not realize taxable income upon the grant of an option or a SAR. Upon the exercise of a nonqualified stock option or a SAR, a participant will recognize ordinary compensation income (subject to withholding if an employee) in an amount equal to the excess of (i) the amount of cash and the fair market value of the shares of common stock received, over (ii) the exercise price of the award. A participant will generally have a tax basis in any shares of common stock received pursuant to the exercise of a nonqualified stock option or SAR that equals the fair market value of such shares of common stock on the date of exercise. Subject to the discussion under “—Tax Consequences to the Company” below, the Company will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules. When a participant sells the shares of common stock acquired as a result of the exercise of a nonqualified stock option or SAR, any appreciation (or depreciation) in the value of the shares of common stock after the exercise date is treated as long- or short-term capital gain (or loss) for federal income tax purposes, depending on the holding period. The shares of common stock must be held for more than 12 months to qualify for long-term capital gain treatment.

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Participants eligible to receive an option intended to qualify as an incentive option (i.e., under Section 422 of the Code) will not recognize taxable income on the grant of an incentive option. Upon the exercise of an incentive option, a participant will not recognize taxable income, although the excess of the fair market value of the shares of common stock received upon exercise of the incentive option (“ISO Shares”) over the exercise price will increase the alternative minimum taxable income of the participant, which may cause such participant to incur alternative minimum tax. The payment of any alternative minimum tax attributable to the exercise of an incentive option would be allowed as a credit against the participant’s regular tax liability in a later year to the extent the participant’s regular tax liability is in excess of the alternative minimum tax for that year.

Upon the disposition of ISO Shares that has been held for the required holding period (generally, at least two years from the date of grant and one year from the date of exercise of the incentive option), a participant will generally recognize capital gain (or loss) equal to the excess (or shortfall) of the amount received in the disposition over the exercise price paid by the participant for the ISO Shares. However, if a participant disposes of ISO Shares that have not been held for the requisite holding period (a “Disqualifying Disposition”), the participant will recognize ordinary compensation income in the year of the Disqualifying Disposition in an amount equal to the amount by which the fair market value of the ISO Shares at the time of exercise of the incentive option (or, if less, the amount realized in the case of an arm’s length disposition to an unrelated party) exceeds the exercise price paid by the participant for such ISO Shares. A participant would also recognize capital gain to the extent the amount realized in the Disqualifying Disposition exceeds the fair market value of the ISO Shares on the exercise date. If the exercise price paid for the ISO Shares exceeds the amount realized (in the case of an arm’s-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

The Company will generally not be entitled to any federal income tax deduction upon the grant or exercise of an incentive option, unless a participant makes a Disqualifying Disposition of the ISO Shares. If a participant makes a Disqualifying Disposition, the Company will then, subject to the discussion below under “—Tax Consequences to the Company,” be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by a participant under the rules described in the preceding paragraph.

Under current rulings, if a participant transfers previously held shares of common stock (other than ISO Shares that has not been held for the requisite holding period) in satisfaction of part or all of the exercise price of an option, whether a nonqualified stock option or an incentive option, no additional gain will be recognized on the transfer of such previously held shares of common stock in satisfaction of the nonqualified stock option or incentive option exercise price (although a participant would still recognize ordinary compensation income upon exercise of a nonqualified stock option in the manner described above). Moreover, that number of shares of common stock received upon exercise which equals the number of previously held shares of common stock surrendered in satisfaction of the nonqualified stock option or incentive option exercise price will have a tax basis that equals, and a capital gains holding period that includes, the tax basis and capital gains holding period of the previously held shares of common stock surrendered in satisfaction of the nonqualified stock option or incentive option exercise price. Any additional shares of common stock received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the participant, plus the amount of compensation income recognized by the participant under the rules described above.

The 2017 Equity Incentive Plan generally prohibits the transfer of awards other than by will or according to the laws of descent and distribution or pursuant to a qualified domestic relations order, but the 2017 Equity Incentive Plan allows the Committee to permit the transfer of awards (other than incentive options), in its discretion. For income and gift tax purposes, certain transfers of nonqualified stock options should generally be treated as completed gifts, subject to gift taxation.

The Internal Revenue Service has not provided formal guidance on the income tax consequences of a transfer of nonqualified stock options (other than in the context of divorce) or SARs. However, the Internal Revenue Service has informally indicated that after a transfer of options (other than in the context of divorce pursuant to a domestic relations order), the transferor will recognize income, which will be subject to withholding, and FICA/FUTA taxes will be collectible at the time the transferee exercises the options. If a nonqualified stock option is transferred pursuant to a domestic relations order, the transferee will recognize ordinary income upon exercise by the transferee, which will

be subject to withholding, and FICA/FUTA taxes (attributable to and reported with respect to the transferor) will be collectible from the transferee at such time.

In addition, if a participant transfers a vested nonqualified stock option to another person and retains no interest in or power over it, the transfer is treated as a completed gift. The amount of the transferor's gift (or generation-skipping transfer, if the gift is to a grandchild or later generation) equals the value of the nonqualified stock option at the time of the gift. The value of the nonqualified stock option may be affected by several factors, including the difference between the exercise price and the fair market value of the shares of common stock, the potential for future appreciation or depreciation of the shares of common stock, the time period of the nonqualified stock option and the illiquidity of the nonqualified stock option. The transferor will be subject to a federal gift tax, which will be limited by (i) the annual exclusion of \$14,000 per donee (for 2017, subject to adjustment in future years), (ii) the transferor's lifetime unified credit, or (iii) the marital or charitable deductions. The gifted nonqualified stock option will not be included in the participant's gross estate for purposes of the federal estate tax or the generation-skipping transfer tax.

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This favorable tax treatment for vested nonqualified stock options has not been extended to unvested nonqualified stock options. Whether such consequences apply to unvested nonqualified stock options or to SARs is uncertain and the gift tax implications of such a transfer is a risk the transferor will bear upon such a disposition.

Other Awards: Stock Awards, Restricted Stock Units, Other Equity-Based Awards, Incentive Awards and Performance Awards. A participant will recognize ordinary compensation income upon receipt of cash pursuant to an incentive award or performance award or, if earlier, at the time the cash is otherwise made available for the participant to draw upon. Individuals will not have taxable income at the time of grant of a restricted stock unit award, but rather, will generally recognize ordinary compensation income at the time he or she receives cash or shares of common stock in settlement of the restricted stock unit award, as applicable, in an amount equal to the cash or the fair market value of the shares of common stock received.

A recipient of a stock award or other equity-based award or the receipt of shares pursuant to an incentive award or performance award generally will be subject to tax at ordinary income tax rates on the fair market value of the shares of common stock when received, reduced by any amount paid by the recipient; however, if the shares of common stock are not transferable and are subject to a substantial risk of forfeiture when received, a participant will recognize ordinary compensation income in an amount equal to the fair market value of the shares of common stock (i) when the shares of common stock first become transferable and are no longer subject to a substantial risk of forfeiture, in cases where a participant does not make a valid election under Section 83(b) of the Code, or (ii) when the award is received, in cases where a participant makes a valid election under Section 83(b) of the Code. If a Section 83(b) election is made and the shares of common stock are subsequently forfeited, the recipient will not be allowed to take a deduction for the value of the forfeited shares of common stock. If a Section 83(b) election has not been made, any dividends received with respect to Restricted Stock that are subject at that time to a risk of forfeiture or restrictions on transfer generally will be treated as compensation that is taxable as ordinary income to the recipient; otherwise the dividends will be treated as dividends.

A participant who is an employee will be subject to withholding for federal, and generally for state and local, income taxes at the time he recognizes income under the rules described above. The tax basis in the shares of common stock received by a participant will equal the amount recognized by the participant as compensation income under the rules described in the preceding paragraph, and the participant's capital gains holding period in those shares of common stock will commence on the later of the date the shares of common stock are received or the restrictions lapse. Subject to the discussion below under "—Tax Consequences to the Company," the Company will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

Tax Consequences to the Company

Reasonable Compensation. In order for the amounts described above to be deductible by the Company (or a subsidiary), such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

Golden Parachute Payments. The ability of the Company (or the ability of one of its subsidiaries) to obtain a deduction for future payments under the 2017 Equity Incentive Plan could also be limited by the golden parachute rules of Section 280G of the Code, which prevent the deductibility of certain excess parachute payments made in connection with a change in control of an employer-corporation.

Performance-Based Compensation. The ability of the Company (or the ability of one of its subsidiaries) to obtain a deduction for amounts paid under the 2017 Equity Incentive Plan could be limited by Section 162(m). Section 162(m) limits the Company's ability to deduct compensation, for federal income tax purposes, paid during any year to a "covered employee" (within the meaning of Section 162(m)) in excess of \$1,000,000. However, an exception applies to this limitation in the case of certain "performance-based compensation." In order to exempt "performance-based compensation" from the \$1,000,000 deductibility limitation, the grant, vesting, exercise or settlement of the award must be based on the satisfaction of one or more performance goals selected by the Committee and certain other requirements must be met, including shareholder approval requirements. Although the 2017 Equity Incentive Plan has been drafted to satisfy the requirements for the "performance-based compensation" exception, the Company may determine that it is in the Company's best interests not to satisfy the requirements for the exception in certain

situations.

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Clawback

Any portion of the payments and benefits provided under the 2017 Equity Incentive Plan or the sale of shares of Common stock shall be subject to any written clawback policies that we adopt. Such clawback policy may subject a participant's awards and amounts paid or realized with respect to awards to reduction, cancellation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including but not limited to an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission and that we determine should apply to the 2017 Equity Incentive Plan.

New Plan Benefits

Because awards granted under the 2017 Equity Incentive Plan are at the discretion of the Committee, it is not possible to determine the benefits or amounts that will be received by or allocated to participants, except with respect to the shares of restricted stock to be issued to Mr. Mumma pursuant to a Letter Agreement entered into on February 8, 2017 (the "Letter Agreement") as further described in the table below. For information regarding the outstanding awards that have been granted to our named executive officers please see "Executive Compensation—Outstanding Equity Awards at Fiscal Year End".

2017 Equity Incentive Plan	Dollar Value	Number of Shares of Restricted Stock
Steven R. Mumma, Chief Executive Officer ⁽¹⁾	\$40,927	⁽²⁾ 6,258

(1) Mr. Mumma was issued 138,237 shares of restricted stock on February 8, 2017 as payment of a portion of the 144,495 shares of restricted stock (having a grant date fair value of \$945,000) earned by him in 2016 under the Annual Incentive Plan. Because the Company did not have, as of February 2017, a sufficient number of shares of common stock remaining authorized and available for issuance under the 2010 Stock Plan to pay the full award of restricted stock earned by Mr. Mumma under the Annual Incentive Plan in 2016, the Company and Mr. Mumma entered into the Letter Agreement, pursuant to which, (i) subject to stockholders approving the 2017 Equity Incentive Plan at the Annual Meeting, the Company will issue to Mr. Mumma the remaining 6,258 shares of restricted stock earned by him in 2016 under the Annual Incentive Plan as soon as practicable following the filing of a registration statement on Form S-8 with respect to the 2017 Equity Incentive Plan, or (ii) in the event stockholders do not approve the 2017 Equity Incentive Plan at the Annual Meeting, the Company will pay Mr. Mumma an amount in cash equal to the grant date fair value of the remaining 6,258 shares of restricted stock earned by him in 2016 under the Annual Incentive Plan as if the remaining shares had actually been issued on February 8, 2017. See "Executive Compensation—Letter Agreement."

(2) Represents a grant date fair value on February 8, 2017.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information as of December 31, 2016 with respect to compensation plans under which equity securities of the Company are authorized for issuance. The Company has no such plans that were not approved by security holders.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	—	\$	—326,663

Board Recommendation on Proposal

Our Board of Directors unanimously recommends a vote “FOR” the adoption and approval of the 2017 Equity Incentive Plan. The management proxy holders will vote all duly submitted proxies “FOR” adoption and approval of the 2017 Equity Incentive Plan unless duly instructed otherwise. All members of the Board and our executive officers and other senior employees are eligible for awards under the 2017 Equity Incentive Plan and thus have a personal interest in the approval of the 2017 Equity Incentive Plan.

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PROPOSAL NO. 4: RATIFICATION, CONFIRMATION AND APPROVAL OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors has appointed Grant Thornton LLP, or Grant Thornton, as our independent registered public accounting firm for the fiscal year ending December 31, 2017. Although stockholder approval is not required, we desire to obtain from our stockholders an indication of their approval or disapproval of the Audit Committee's action in appointing Grant Thornton as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2017. Although we seek ratification of the appointment of Grant Thornton as our independent registered public accounting firm, the ratification of the appointment of Grant Thornton does not preclude the Audit Committee from subsequently determining to change independent registered public accounting firms if it determines such action to be in the best interests of the Company and its stockholders. If our stockholders do not ratify, confirm, and approve this appointment, the appointment will be reconsidered by the Audit Committee and our Board of Directors. We engaged Grant Thornton beginning in December 2009 to serve as our independent registered public accounting firm for the fiscal year ended December 31, 2009 and Grant Thornton has continued to serve as our independent registered public accounting firm to the date of this proxy statement.

We expect that a representative of Grant Thornton will be present at the Annual Meeting where the representative will be afforded an opportunity to make a statement and to respond to appropriate questions.

Our Board of Directors recommends that you vote "FOR" the ratification, confirmation, and approval of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.

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INFORMATION ON OUR BOARD OF DIRECTORS AND ITS COMMITTEES

Independence of Our Board of Directors

Our Corporate Governance Guidelines and the listing standards of the Nasdaq require that a majority of our directors be independent. Our Board of Directors has adopted the categorical standards prescribed by the Nasdaq to assist our Board in evaluating the independence of each of the directors. The categorical standards describe various types of relationships that could potentially exist between a board member and the Company and sets thresholds at which such relationships would be deemed to be material. Provided that no relationship or transaction exists that would disqualify a director under the categorical standards and our Board affirmatively determines that the director has no material relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, including certain business relationships for which disclosure may be required in this proxy statement, our Board of Directors will deem such person to be independent. A director shall not be independent if he or she satisfies any one or more of the following criteria:

A director who is, or who has been within the last three years, an employee of the Company, or whose immediate family member is, or has been within the last three years, employed as an executive officer of the Company;

A director who has accepted or who has an immediate family member, serving as an executive officer, who has accepted, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company (excluding compensation for board or board committee service, compensation paid to an immediate family member who is an employee of the Company (but not an executive officer of the Company), and benefits under a tax-qualified retirement plan, or non-discretionary compensation);

A director who is, or whose immediate family member is, a current partner of a firm that is the Company's internal or external auditor, or was a partner or employee of the Company's outside auditor who worked on our Company's audit at any time during any of the past three years;

A director who is, or whose immediate family member is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee of such other entity; or

A director who is, or whose immediate family member is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of that organization's consolidated gross revenues for that year, or \$200,000, whichever is greater, other than (i) payments arising solely from investments in that organization's securities, and (ii) payments under non-discretionary charitable contribution matching programs.

Our Board of Directors will also consider a director's charitable relationships when assessing director independence.

Under these criteria, our Board of Directors has determined that the following members of our Board are independent: David R. Bock, Michael B. Clement, Alan L. Hainey and Steven G. Norcutt. We presently have six directors, including these four independent directors.

To assist in the discharge of its responsibilities, our Board of Directors has established three standing committees: (i) the Audit Committee, (ii) the Compensation Committee and (iii) the Nominating & Corporate Governance Committee. The principal responsibilities of each committee are described below. Actions taken by any committee of our Board of Directors are reported to our Board of Directors, usually at the meeting following such action. Each

standing committee has a written charter, a current copy of which is available for review on our website at www.nymtrust.com.

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Audit Committee

The Audit Committee of our Board of Directors is comprised of Messrs. Bock (Chairman), Clement, Hailey and Norcutt. Our Board of Directors has determined that each of the Audit Committee members is independent, as that term is defined under the enhanced independence requirements for audit committee members set forth in the rules of the SEC and in accordance with the Company's independence criteria discussed under "—Independence of Our Board of Directors," and that each of the members of the Audit Committee can read and understand fundamental financial statements and as such, is financially literate, as that term is interpreted by our Board of Directors. In addition, our Board of Directors has determined that each of Messrs. Bock, Clement and Norcutt is an "audit committee financial expert" as that term is defined in the SEC rules. For more information regarding the relevant experience of our audit committee financial experts, see each such individual's biography set forth under "Proposal No. 1: Election of Directors—Nominees for Election as Directors." Mr. Bock also serves on the board and audit committee of the more than 50 funds that comprise the Pioneer Funds complex. Our Board of Directors considers the Pioneer Funds complex to be one fund for purposes of the Audit Committee's charter.

The Audit Committee operates under a written charter adopted by our Board of Directors. The primary purpose and responsibilities of the Audit Committee include, among other things:

- assisting our Board of Directors in fulfilling its oversight responsibility relating to:

- the integrity of our financial statements and financial reporting process, our systems of internal accounting and financial controls and other financial information provided by us;

- our compliance with legal and regulatory requirements; and

- the evaluation of risk assessment and risk management policies;

- overseeing the audit and other services of our independent registered public accounting firm and being directly responsible for the appointment, replacement, evaluation, independence, qualifications, compensation and oversight of our independent registered public accounting firm, who will report directly to the Audit Committee;

- fostering open communication, including meeting periodically with management, the internal auditor and the independent registered public accounting firm in separate executive sessions to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately;

- reviewing and discussing with management and the auditors our quarterly and annual financial statements and report on internal control and the independent registered public accounting firm's assessment thereof; and

- reviewing and approving related party and conflict of interest transactions and preparing the audit committee report for inclusion in our annual proxy statements for our annual stockholder meeting.

The Audit Committee met eight times during the year ended December 31, 2016. For more information, please see "Audit Committee Report" herein.

Compensation Committee

The Compensation Committee of our Board of Directors is comprised of Messrs. Norcutt (Chairman), Bock, Clement and Hailey. Our Board of Directors has determined that each of the Compensation Committee members is independent in accordance with the Company's independence criteria discussed under "—Independence of Our Board of

Directors” and the independence standards of Nasdaq that apply to Compensation Committee members. The Compensation Committee operates under a written charter adopted by our Board of Directors. In addition, the Compensation Committee administers our incentive compensation plans and equity-based compensation plans and programs. The Compensation Committee’s basic responsibility is to ensure that our Chief Executive Officer and other key members of management are compensated fairly and effectively in a manner consistent with the Company’s stated compensation strategy, competitive practice, applicable regulatory requirements and performance results.

The Compensation Committee met seven times during the year ended December 31, 2016.

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Nominating & Corporate Governance Committee

The Nominating & Corporate Governance Committee of our Board of Directors is comprised of Messrs. Hainey (Chairman), Bock, Clement and Norcutt. Our Board of Directors has determined that each of the Nominating & Corporate Governance Committee members is independent in accordance with the independence criteria discussed under “—Independence of Our Board of Directors.” The Nominating & Corporate Governance Committee operates under a written charter adopted by our Board of Directors. Among other duties, this committee:

- identifies, selects, evaluates and recommends to our Board of Directors candidates for service on our Board; and
- oversees the evaluation of our Board of Directors and management.

The Nominating & Corporate Governance Committee met three times during the year ended December 31, 2016.

Other Committees

From time to time, our Board of Directors may establish other committees as circumstances warrant. Those committees will have the authority and responsibility as delegated to them by our Board of Directors.

Executive Sessions of Our Independent Directors

The independent directors of our Board of Directors will occasionally meet in executive session that excludes members of the management team. Our Board of Directors has established a process by which the Lead Director will preside over meetings of our independent directors. Pursuant to this process, the Lead Director has the power to lead the meetings of our independent directors, set the agenda and determine the information to be provided. However, in practice, these meetings tend to be less formal procedurally and, generally, allow for each participant to raise such matters and discuss such business as that director deems necessary or desires. Stockholders and other interested persons may contact the Lead Director, who is independent, in writing by mail c/o New York Mortgage Trust, Inc., 275 Madison Avenue, New York, New York 10016, Attention: Secretary. All such letters will be forwarded to the Lead Director. For more information on how to communicate with our other directors, see “—Communications with Our Board of Directors.”

Board Leadership Structure

Pursuant to our Corporate Governance Guidelines, our Board of Directors has not established a fixed policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board. Instead, the Board believes this determination is part of the succession planning process and should be considered upon the appointment or re-appointment of a chief executive officer.

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Our Board is currently led by its Chairman, Steven R. Mumma, who also serves as our Chief Executive Officer. Mr. Mumma was appointed as the Chairman of our Board of Directors, effective March 30, 2015. In connection with Mr. Mumma's appointment as Chairman, our Board has adopted a policy that provides that in the event our Chairman is also an executive officer of the Company, our independent directors will select a Lead Director from among themselves. Mr. Alan Hainey, an independent director of the Company since 2004, serves as our Lead Director, a role he was initially appointed to on March 30, 2015. Our Lead Director's role exists, according to our Board's policy, (i) to provide leadership to our Board of Directors when the joint roles of Chairman and Chief Executive Officer could potentially be in conflict; (ii) to ensure that our Board of Directors operates independently of management; and (iii) to provide our directors with an independent leadership contact.

Our Lead Director's responsibilities, as set forth in our Board of Directors' policy, include:

- chairing an executive session during each Board of Directors meeting without management (including without our Chairman and Chief Executive Officer and our President) present in order to give directors an opportunity to fully and frankly discuss issues, and to provide feedback and counsel to our Chairman and Chief Executive Officer concerning the issues considered;
- reviewing and discussing with our Chairman the matters to be included in the agenda for meetings of our Board of Directors;
- acting as liaison between our Board of Directors and the Chief Executive Officer;
- establishing, in consultation with our Chairman and Chief Executive Officer, and with the Nominating & Corporate Governance Committee, procedures to govern and evaluate our Board of Directors' work, to ensure, on behalf of stockholders, that our Board of Directors is (i) appropriately approving our corporate strategy and (ii) supervising management's progress against achieving that strategy; and
- ensuring the appropriate flow of information to our Board of Directors and reviewing the adequacy and timing of documentary materials in support of management's proposals.

Our Board of Directors has vested the offices of Chairman and Chief Executive Officer in Mr. Mumma because it believes that combining the roles of Chairman and Chief Executive Officer facilitates the flow of information between management and our Board of Directors, while providing the appropriate balance between independent oversight of management and efficiency of the operation of our Board of Directors. Furthermore, our Board of Directors believes that having our Board of Directors' deliberation of strategic alternatives framed by the person who (i) is the most knowledgeable about the Company and its industry, (ii) has been most instrumental in transforming the Company from a vertically integrated residential mortgage origination and portfolio investment manager into a diversified investment portfolio manager, and (iii) is responsible for executing our strategy is the optimal means for our Board of Directors to discharge its responsibility of establishing strategy. For these reasons, we believe our Board leadership structure is appropriate for the Company and does not affect our Board of Directors' approach to risk oversight.

Our Board's Role in Risk Oversight

We face a variety of risks, including interest rate risk, credit risk, and liquidity risk, many of which are discussed under "Item 1A. Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 7A. Quantitative and Qualitative Disclosures About Market Risk," each included in our Annual Report on Form 10-K for the year ended December 31, 2016. Our Board of Directors believes an effective risk management system will (1) timely identify the material risks that we face, (2) communicate necessary information with respect to material risks to our Chairman and Chief Executive Officer or other officers of the Company and, as

appropriate, to our Board of Directors or relevant committee thereof, (3) implement appropriate and responsive risk management strategies consistent with our risk profile, and (4) integrate risk management into management and our Board's decision-making.

Our Board of Directors has designated the Audit Committee to take the lead in overseeing risk management, and the Board of Directors and the Audit Committee receive joint briefings provided by management and advisors regarding the adequacy of our risk management processes. Our Board of Directors believes that an overall review of risk is inherent in its consideration of our long-term strategies and in the transactions and other matters presented to it. The Board of Director's role in risk oversight of the Company is consistent with our leadership structure, with the Chief Executive Officer and other members of senior management having responsibility for assessing and managing our risk exposure, and our Board of Directors and the Audit Committee providing oversight of those efforts.

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Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our executive officers, including our principal executive officer and principal financial officer, and to our other employees. We have also adopted a Code of Ethics for senior financial officers, including the principal financial officer. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of either of these Code of Ethics applicable to our chief executive officer and chief financial officer by posting such information on our website at www.nymtrust.com, "Corporate Governance".

Availability of Corporate Governance Materials

Stockholders may view our corporate governance materials, including the written charters of the Audit Committee, the Compensation Committee and the Nominating & Corporate Governance Committee, our Corporate Governance Guidelines, our Code of Business Conduct and Ethics and our Code of Ethics for senior financial officers, on our website at www.nymtrust.com under the "Corporate Governance" section of the website. A copy of any of these documents will be provided free of charge to any stockholder upon request by writing to New York Mortgage Trust, Inc., 275 Madison Avenue, New York, New York 10016, Attention: Investor Relations. Information at or connected to our website is not and should not be considered a part of this proxy statement.

Director Nominations

The Nominating & Corporate Governance Committee of our Board of Directors performs the functions of a nominating committee, including identifying, evaluating and recommending to our Board of Directors candidates for service on our Board of Directors who satisfy the qualification requirements described in our Corporate Governance Guidelines.

The Nominating & Corporate Governance Committee's charter provides that the committee will consider candidates recommended by stockholders for service on our Board of Directors. Stockholders should submit any such recommendations for the consideration of the Nominating & Corporate Governance Committee through the method described under "—Communications with Our Board of Directors" below. In addition, any stockholder of record entitled to vote for the election of directors at the 2018 Annual Meeting of Stockholders may nominate persons for election to our Board of Directors if that stockholder complies with the notice procedures summarized in "—Stockholder Proposals for Our 2018 Annual Meeting" below.

The Nominating & Corporate Governance Committee evaluates all director candidates in accordance with the director qualification standards described in our Corporate Governance Guidelines. The committee evaluates any candidate's qualifications to serve as a member of our Board of Directors based on various criteria, including a nominee's experience, skills, accomplishments, background, age and diversity, and then reviews those qualifications in the context of the current composition of our Board and the evolving needs of our business. In addition, the Nominating & Corporate Governance Committee will evaluate a candidate's independence, diversity, skills and experience in the context of our Board of Directors' needs.

We do not have a formal policy with regard to the consideration of diversity in identifying director nominees, but our Board of Directors and the Nominating & Corporate Governance Committee strive to nominate directors with a variety of complementary skills so that, as a group, our Board of Directors will possess the appropriate talent, skills, and expertise to oversee our business. Although we have no policy regarding diversity, both our Board of Directors and the Nominating & Corporate Governance Committee seek a broad range of perspectives and consider many factors, including the personal characteristics (gender, ethnicity, age and background) and experience (industry, professional and public service) of directors and prospective nominees to our Board of Directors.

Communications with Our Board of Directors

We provide a process for stockholders to send communications to our Board of Directors. Stockholders can send communications to our Board of Directors and, if applicable, to any committee or to specified individual directors in writing to such committee or individual director, c/o New York Mortgage Trust, Inc., 275 Madison Avenue, New York, New York 10016, Attention: Secretary. We do not screen mail, except when warranted for security purposes, and all such letters will be forwarded to our Board of Directors and any such specified committee or individual directors.

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Stockholder Proposals for Our 2018 Annual Meeting

Our Board of Directors will provide for presentation of proposals by our stockholders at the 2018 Annual Meeting of Stockholders, provided that these proposals are submitted by eligible stockholders who have complied with the relevant regulations of the SEC regarding stockholder proposals.

Stockholders intending to submit proposals for presentation at our 2018 Annual Meeting of Stockholders, tentatively scheduled to be held in May 2018, must submit their proposals in writing, and we must receive these proposals at our executive offices on or before November 28, 2017 for inclusion in our proxy statement and the form of proxy relating to our 2018 Annual Meeting of Stockholders. We will determine whether or not to include any proposal in our proxy statement and form of proxy on a case-by-case basis in accordance with our judgment and the regulations governing the solicitations of proxies and other relevant regulations of the SEC. We will not consider proposals received after November 28, 2017 for inclusion in our proxy materials for our 2018 Annual Meeting of Stockholders.

Although stockholder proposals received by us after November 28, 2017 will not be included in our proxy materials for the 2018 Annual Meeting of Stockholders, stockholder proposals may be included in the agenda for the 2018 Annual Meeting of Stockholders if properly submitted in accordance with our bylaws. Our bylaws provide that in order for a stockholder to nominate a candidate for election as a director at an annual meeting of stockholders or propose business for consideration at such meeting, notice must be given in writing to our Secretary not later than the close of business on the 90th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting nor earlier than the close of business on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. As a result, any notice given by or on behalf of a stockholder pursuant to the provisions of our bylaws must be delivered in writing via personal delivery or United States certified mail, postage prepaid to our Secretary c/o New York Mortgage Trust, Inc., 275 Madison Avenue, New York, New York 10016, not earlier than November 28, 2017, and not later than December 28, 2017. The stockholder filing the notice of nomination must include:

•As to the stockholder giving the notice:

the name and address of such stockholder and/or stockholder associated person, as they appear on our stock ledger, and current name and address, if different;

the class, series and number of shares of stock of the Company beneficially owned by that stockholder and/or stockholder associated person; and

to the extent known, the name and address of any other stockholder supporting the nominee for election or re-election as a director, or the proposal of other business known on the date of such stockholder's notice.

•As to each person whom the stockholder proposes to nominate for election as a director:

the name, age, business address and residence address of the person;

the class, series and number of shares of stock of the Company that are beneficially owned by the person;

the date such shares were acquired and the investment intent of such acquisition;

all other information relating to the person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required by the rules and regulations of the SEC; and

the written consent of the person to be named in the proxy statement as a nominee and to serve as a director if elected.

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In order for a stockholder to bring other business before a stockholder meeting, timely notice must be received by us within the time limits described above. That notice must include:

• the information described above with respect to the stockholder proposing such business;

• a description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; and

• any material interest of the stockholder in such business.

Directors Attendance at Meetings of our Board of Directors and Annual Meeting

Our Board of Directors held 17 meetings, including four regularly scheduled quarterly meetings, during 2016. All directors who were members of our Board of Directors for the year ended December 31, 2016 attended 75% or more of the aggregate number of meetings of the Board of Directors and its committees on which they served during 2016.

We have a policy that directors attend the Annual Meeting of Stockholders. Each member of our Board of Directors who was a director of the Company at the time of our 2016 Annual Meeting of Stockholders attended the 2016 Annual Meeting of Stockholders.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Acquisition of RiverBanc and other RiverBanc-Managed Entities

On May 16, 2016 (the "Acquisition Date"), the Company acquired the outstanding common equity interests in RiverBanc, RB Multifamily Investors LLC ("RBMI"), and RB Development Holding Company LLC ("RBDHC") (collectively, the "Acquirees") that were not previously owned by the Company through the consummation of separate membership interest purchase agreements, thereby increasing the Company's ownership of each of these entities to 100%. Prior to the Acquisition Date, the Company owned 20.0%, 67.19% and 62.5% of the outstanding common equity interests in RiverBanc, RBMI and RBDHC, respectively.

RiverBanc is an investment management firm that was founded in 2010 and has sourced and managed direct and indirect investments in multi-family apartment properties on behalf of both public and private institutional investors, including the Company, RBMI and RBDHC. Prior to the completion of the RiverBanc acquisition, RiverBanc had served as an external manager of the Company pursuant to an investment management agreement, for which it received base management and incentive fees. For the period commencing on January 1, 2016 to the Acquisition Date, RiverBanc received management and incentive fees of approximately \$1.8 million under the management agreement. RiverBanc also managed RBMI and RBDHC and for the period commencing on January 1, 2016 to the Acquisition Date, RiverBanc received management fees of approximately \$0.1 million and \$0.02 million, respectively, either directly or indirectly from these entities. In connection with the acquisition, the Company terminated its investment management agreement with RiverBanc on May 17, 2016. In acquiring a 100% ownership interest in RiverBanc, the Company has internalized the management of its multi-family investments. The Company expects to achieve certain synergies related to processes and personnel as a result of this internalization.

In connection with the acquisitions, on the Acquisition Date, the Company named Kevin M. Donlon, the founder and Chief Executive Officer of RiverBanc, President of the Company and entered into an employment agreement with Mr. Donlon effective on the Acquisition Date. On June 16, 2016, the Company's Board of Directors approved the appointment of Mr. Donlon as a director of the Company. Prior to the completion of the acquisitions described above, Donlon Family LLC beneficially owned 59.40%, 5.47% and 6.25% of the outstanding common equity interests in RiverBanc, RMI and RBDHC, respectively. Mr. Donlon beneficially owns 100% of Donlon Family LLC.

On the Acquisition Date, the Company paid Donlon Family LLC approximately \$16.3 million for its ownership interests in the Acquirees. The \$16.3 million of consideration included a cash holdback in the amount of \$3.0 million to be released to Donlon Family LLC upon the purchase by Mr. Donlon or his affiliates of \$3.0 million in Company common shares on the open market within 90 days of the Acquisition date. This cash holdback was paid to Donlon Family LLC on June 10, 2016 upon satisfaction of the conditions to the release of the holdback.

Related Person Transaction Policy

Our Board of Directors has adopted a policy regarding the approval of any "related person transaction," which is any transaction or series of transactions in which we or any of our subsidiaries is or are to be a participant, the amount involved exceeds \$120,000 and a "related person" (as defined under SEC rules) has a direct or indirect material interest. Under the policy, a related person would need to promptly disclose to our Secretary any related person transaction and (i) all material facts about the transaction, (ii) the benefits to us of the related party transaction, (iii) if applicable, the availability of other sources of comparable products and services and (iv) an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally. Our Secretary, together with outside legal counsel, would then assess whether the proposed transaction is a "related person transaction" and, if so, communicate that information to the Audit Committee. Based on its consideration of all of the relevant facts and circumstances, the Audit Committee will decide whether or not to approve such transaction.

If we become aware of an existing related person transaction that has not been pre-approved under this policy, the transaction will be referred to the Audit Committee, which will evaluate all options available, including ratification, amendment or termination of such transaction. Our policy requires any member of the Audit Committee who may be interested in a related person transaction to recuse himself or herself from any consideration of such related person transaction.

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COMPENSATION OF DIRECTORS

As compensation for serving on our Board of Directors in 2016, our non-employee directors received a combination of cash retainer of \$120,000, pro-rated in certain cases in connection with partial-year service, and stock having a value of approximately \$70,002. Our Chairman and Chief Executive Officer and our President only receive compensation for their services as our Chief Executive Officer and our President, respectively, and receive no additional compensation for their service on our Board. Our directors have been, and will continue to be, reimbursed by us for reasonable out-of-pocket expenses incurred in connection with their service on our Board of Directors and any and all committees.

The following table presents information relating to the total compensation of our directors for the fiscal year ended December 31, 2016.

Name	Fees Earned or Paid in Cash	Stock Awards and Fees Earned or Paid in Common Stock ⁽¹⁾	Total
David R. Bock	\$ 120,000	\$ 70,002	\$ 190,002
Michael B. Clement ⁽²⁾	\$ 60,000	\$ 70,002	\$ 130,002
Alan L. Hainey	\$ 120,000	\$ 70,002	\$ 190,002
Steven G. Norcutt	\$ 120,000	\$ 70,002	\$ 190,002
Douglas E. Neal ⁽³⁾	\$ 60,000	\$ 70,002	\$ 130,002

Represents the May 2016 stock awards to Messrs. Bock, Hainey, Neal and Norcutt and June 2016 stock award to Mr. Clement. All of the shares issued (Bock (12,281 shares), Hainey (12,281 shares), Norcutt (12,281 shares), Neal (12,281 shares), and Clement (10,955 shares)) were non-forfeitable as of the date of grant and were issued under the 2010 Stock Plan. The amounts shown in this column represent the grant date fair value of the stock computed in accordance with FASB ASC Topic 718.

(2) Mr. Clement was elected as a director on June 16, 2016.

(3) Mr. Neal resigned from our Board of Directors on June 10, 2016.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under federal securities laws, our executive officers, directors and any persons beneficially owning more than ten percent (10%) of a registered class of our equity securities are required to report their ownership and any changes in that ownership to the SEC. These persons are also required by SEC rules and regulations to furnish us with copies of these reports. Precise due dates for these reports have been established, and we are required to report in this proxy statement any failure to timely file these reports by those due dates by our directors and executive officers during 2016.

Based on our review of the reports and amendments to those reports furnished to us or written representations from our directors and executive officers that these reports were not required from those persons, we believe that all of these filing requirements were satisfied by our directors and executive officers during 2016.

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EXECUTIVE OFFICERS

The following table and biographies contain information regarding our executive officers. These officers are appointed annually by our Board of Directors and serve at the Board's discretion.

Name	Age	Position
Steven R. Mumma	58	Chairman and Chief Executive Officer
Kevin M. Donlon	48	President
Nathan R. Reese	38	Managing Director and Secretary
Kristine R. Nario	37	Chief Financial Officer

For information on Messrs. Mumma and Donlon, please see their biographical descriptions provided above under the caption "Proposal One: Election of Directors — Nominees for Election as Directors."

Nathan R. Reese is our Managing Director and Secretary. Mr. Reese was named Vice President of the Company in March 2007 and Secretary effective January 1, 2008. Mr. Reese's title was changed to Managing Director and Secretary in September 2016. On March 25, 2009, our Board of Directors designated Mr. Reese an executive officer of the Company. In his capacity as Managing Director, Mr. Reese manages company operations including portfolio activity, treasury, servicing, and is responsible for overseeing cash flow management and foreclosure and delinquency monitoring. Prior to his current position, Mr. Reese was employed by the Company as a Senior Securitization Analyst from October 2005 to October 2007 and as a Portfolio Operations Manager from April 2004 to October 2005. Before joining the Company in April 2004, Mr. Reese was a Financial Associate with The Vanguard Group based in Malvern, Pennsylvania. He holds a B.A. in Finance from La Salle University.

Kristine R. Nario is our Chief Financial Officer. Ms. Nario was named Chief Financial Officer of the Company effective May 14, 2014. Ms. Nario previously served as the Company's Controller, a position she held since joining the Company in November 2012. Prior to joining the Company, Ms. Nario was an Assistant Vice President at Deutsche Bank AG (and certain of its affiliates) from August 2010 to November 2012, where she held positions in financial control and accounting services. Prior to joining Deutsche Bank AG, Ms. Nario was employed at Grant Thornton LLP from October 2005 to August 2010, where she gained experience in managing and supervising financial statement audits of privately- and publicly-held companies in various industries, including hedge funds, broker-dealers, private equity companies and REITs. Ms. Nario is a Certified Public Accountant (inactive) and graduated Cum Laude from the University of Santo Thomas, Manila, Philippines.

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OUR DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information, as of March 16, 2017, regarding our common stock owned of record or known by us to be owned beneficially by each person owning more than five percent of our common stock, each director and nominee for director, each named executive officer and all directors, nominees and executive officers as a group. As of March 16, 2017, we had 111,843,236 shares of common stock outstanding. Each of the stockholders identified in the table below has sole voting and investment power over the common stock beneficially owned by that person. The address for each individual listed below is: c/o New York Mortgage Trust, Inc., 275 Madison Avenue, New York, New York 10016.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Class
BlackRock, Inc. ⁽¹⁾	10,046,289	9.0 %
Kevin M. Donlon	597,842	*
Steven R. Mumma	592,510	*
Nathan R. Reese	64,511	*
Kristine R. Nario	35,506	*
Alan L. Hainey	106,428	*
Steven G. Norcutt	59,005	*
David R. Bock	46,937	*
Michael B. Clement	10,955	*
All directors and executive officers as a group (8 persons)	1,513,694	1.3 %

* Represents less than one percent of our issued and outstanding shares.

Information based on a Schedule 13G/A filed with the SEC on January 25, 2017 by BlackRock, Inc., 55 East 52nd (1) Street, New York, NY 10055. The reporting person has sole voting power over 9,830,872 shares of common stock and sole dispositive power over 10,046,289 shares of common stock.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (“CD&A”) describes the executive compensation program that was in place for 2016 for our Chief Executive Officer (Steven R. Mumma), our President (Kevin M. Donlon), our Chief Financial Officer (Kristine R. Nario) and our Managing Director and Secretary (Nathan R. Reese) (collectively, our “Named Executive Officers” or “NEOs”). Mr. Donlon became an employee of our Company and our President on May 16, 2016. We had no other named executive officers in 2016.

This CD&A explains the overall objectives, elements and policies underlying our named executive officer compensation program for 2016. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Future compensation programs that we adopt may differ materially from current programs.

Executive Summary

We are a real estate investment trust, or REIT, for federal income tax purposes, in the business of acquiring, investing in, financing and managing primarily mortgage-related and residential housing-related assets and financial assets. Our investment portfolio includes residential mortgage loans, including second mortgages and loans sourced from distressed markets, non-Agency RMBS, multi-family CMBS, preferred equity and joint venture equity investments in, and mezzanine loans to, owners of multi-family properties, equity and debt securities issued by entities that invest in residential and commercial real estate and Agency RMBS. Our hybrid investment strategy and the industry in which we operate (mortgage REIT) require that we maintain a highly qualified executive management team with strong operational skills.

NEO Compensation Program Objectives

The Compensation Committee of our Board of Directors is responsible for establishing and administering policy, on an annual basis, with respect to the compensation of our NEOs. We are committed to providing an executive compensation program that supports the following goals and philosophies:

- aligning our management team’s interests with stockholders’ expectations of return on investment;
- motivating and rewarding our management team to grow earnings and book value in a manner that is consistent with prudent risk-taking and based on sound corporate governance practices; and
- attracting and retaining an experienced and effective management team while also maintaining an appropriate expense structure.

Structure of Our 2016 NEO Compensation Program

As discussed in more detail herein, our 2016 NEO compensation program is comprised of the following primary compensation elements:

- base salary, which is fixed annually and compensates individuals for daily performance;
- incentive compensation that is payable in cash and is based on achievement of certain corporate and individual performance objectives under the Annual Incentive Plan;

incentive compensation that is payable in shares of restricted stock that vest ratably over the course of three years from the date of grant and is also based on achievement of certain corporate and individual performance objectives under the Annual Incentive Plan; and

with respect to our Chief Executive Officer only, a separate restricted stock award issued in May 2016 that vests ratably over the course of three years, which was granted in recognition of the successful closing of our acquisition of RiverBanc and certain entities managed by RiverBanc, to better right-size Mr. Mumma's total compensation relative to the range of total compensation paid to the chief executive officers in our peer group in 2015, and to provide additional incentive to Mr. Mumma to remain with the Company over the longer-term (the "May 2016 RSA").

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Management's Assessment of 2016 Performance

The following is a summary of our key results and achievements in 2016:

• net income attributable to common stockholders of \$54.7 million, or \$0.50 per share, for the year ended December 31, 2016;

• produced return on common stockholders' equity of 9.6%;

• produced adjusted return on common stockholders' equity of 11.5%;

• produced total stockholders' return (common stock price change plus dividends) of 41.8%;

• produced economic return (change in book value per common share plus common share dividends) of 8.4%;

• declared annual dividends in 2016 of \$0.96 per common share; and

• internalized the management of the Company's multi-family investments in May 2016 by acquiring the outstanding common equity interests in our multi-family investment manager, RiverBanc.

Highlights of Our NEO Compensation Program in 2016

In making its compensation decisions for the 2016 fiscal year, subject in each case to the terms of the Annual Incentive Plan, the Compensation Committee recognized our 2016 results and achievements noted above, the performance of the Company and the NEOs, the performance of the Company as compared to other hybrid mortgage REITs and the contributions and accomplishments of our NEOs to our continuing growth. The following is a summary of the highlights of our 2016 NEO compensation program:

• total compensation for our NEOs in 2016 was \$6.3 million, or \$0.06 per weighted average share of common stock outstanding in 2016.

• base salary represented 27% of total compensation for our NEOs in 2016;

• approximately 60% of the total compensation paid to our NEOs in 2016 was paid pursuant to a performance bonus plan;

Process for Setting Executive Compensation

The Compensation Committee has primary responsibility for setting and approving the compensation of our Chief Executive Officer and reviewing, approving and recommending to our Board of Directors, compensation for our other NEOs in a manner that is effective and consistent with our overall executive compensation strategy. As part of that responsibility, the Compensation Committee reviews on an individual basis the performance of our NEOs. As part of its process for reviewing the performance of our NEOs for 2016, the Compensation Committee considered the recommendations of our Chairman and Chief Executive Officer, with respect to the compensation of Messrs. Donlon and Reese and Ms. Nario. Moreover, at the 2016 Annual Meeting of Stockholders, the advisory vote on executive compensation was approved by approximately 89% of shares voted. The level of support on the advisory vote was considered by the Compensation Committee and supported its decision to not make any significant changes to the

structure of our compensation program during 2016, other than the May 2016 RSA to our Chairman and Chief Executive Officer, which specific award was outside of and separate from the Annual Incentive Plan for the reasons indicated above.

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Historically, the Compensation Committee has reviewed compensation levels for our NEOs near the beginning of each calendar year in determining base salaries and budgeted amounts for total compensation for the new fiscal year, and then meets again following the end of such fiscal year to review the Company's and the NEOs' actual performance, at which time it typically makes determinations with respect to cash incentive and equity incentive compensation. In situations where we hire or promote a new NEO during the fiscal year, as was the case in 2016 with Mr. Donlon, the Compensation Committee may make base salary and bonus determinations in close proximity to the NEO's hiring or promotion date. In Mr. Donlon's case, the Compensation Committee established his annual base salary in connection with the negotiation of his employment agreement in May 2016, and in February 2017 the Compensation Committee made the formal decision to slot him into the Annual Incentive Plan such that he would be treated in a manner similar to the Chief Executive Officer in determining his 2016 incentive compensation, although the Compensation Committee had informally discussed treating Mr. Donlon in this manner during employment agreement negotiations in May 2016. The Compensation Committee's determination to slot Mr. Donlon into the Annual Incentive Plan in a manner similar to Mr. Mumma reflects the Compensation Committee's and Mr. Mumma's view of the partnership between the Company's chief executive and president roles and the importance of the multi-family strategy to the Company's future success.

As part of its annual review of the compensation paid to our NEOs, the Compensation Committee typically considers a number of factors in determining or structuring compensation, including the nature of the executive's job and the responsibilities related thereto, the executive's job performance compared to goals and objectives established for the Company and the executive at the beginning of the year, the experience level of the executive in his or her current position, the compensation levels of competitive jobs within our peer group (defined below), our financial performance and financial condition, the execution of our investment and financing strategy, the impact of compensation determinations on our budgeted operating expense ratios and certain other factors. These factors described above may vary from year to year in importance to, and usage by, the Compensation Committee, depending upon market conditions, corporate priorities and individual circumstances.

The Compensation Committee reviews all elements of compensation and total compensation payable to each of our NEOs. As part of this review, the Compensation Committee considers the compensation practices and levels at other companies that it deems generally comparable in structure and strategy, which includes other internally managed mortgage REITs or specialty-finance companies, such as MFA Financial, Inc., CYS Investments, Inc., Capstead Mortgage Corporation, Dynex Capital, Inc., Arlington Asset Investment Corp. and RAIT Financial Trust. We sometimes refer to this group as our "peer group" for purposes of determining compensation. Relative to our peer group, we are smaller in terms of total assets and mid-sized in terms of stockholders' equity. In terms of compensation paid to our NEOs, we have typically provided total compensation at or near the low end of the range of total compensation provided by our peer group, with total compensation in 2015 for (i) the Chief Executive Officers of our peer group ranging from approximately \$2.1 million to approximately \$5.2 million, and (ii) the other named executive officers of our peer group ranging from approximately \$0.5 million to approximately \$4.3 million. We do not, however, have a policy of targeting compensation for our NEOs to any specific level within the range of total compensation paid by our peer group (i.e., median, upper or lower); rather, we have attempted to structure the Company's Annual Incentive Plan to compensate our NEOs in a manner that is both competitive enough to retain their services and rewards their performance, hard work and dedication, but is also consistent with our needs to maintain an appropriate expense structure. The Compensation Committee expects that as we continue to grow the Company in future years, our total NEO compensation will become more competitive with the total compensation paid by our peer group.

In 2013, the Compensation Committee worked jointly with management to design and implement a performance-based, incentive compensation plan that combines the elements of current cash and equity incentive compensation in one plan, which we refer to as the Annual Incentive Plan. On March 21, 2013, the Compensation Committee and our Board of Directors approved the Annual Incentive Plan for the purpose of (i) attracting and retaining top performing employees, (ii) motivating employees by tying compensation directly to our financial

performance, and (iii) rewarding exceptional individual performance that supports our overall objectives. While many of our peer group companies view annual cash incentive compensation and equity incentive compensation as separate components of their overall compensation program and may have separate criteria for each component, the Annual Incentive Plan ties the payment of both cash incentive and equity compensation with time-based vesting conditions to the achievement of quantitative and qualitative performance goals set forth in the Annual Incentive Plan. The Compensation Committee believes that by issuing both cash and equity incentive awards based on an individual's achievement of the performance criteria, the Annual Incentive Plan allows us to better monitor the effects of our compensation program.

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On May 28, 2015, our Board of Directors, upon the recommendation of the Compensation Committee, completed an annual review of the Annual Incentive Plan, and adopted changes that expanded the performance measures from one single performance measure comprised of adjusted return on equity, to three equally-rated performance measures comprised of adjusted return on equity, total economic return and total common stockholder return, as well as changes to the hurdle requirements under the quantitative component of the Annual Incentive Plan which took into account an increasingly challenging current return environment. Our Board of Directors also approved changes to the incentive bonus payout structure under the Annual Incentive Plan to better provide current cash compensation to our NEOs other than our Chief Executive Officer and our President. In March 2016, the Compensation Committee determined to leave the Annual Incentive Plan (as amended in 2015) unchanged and approved its use for purposes of determining the compensation of our NEOs for performance in the 2016 fiscal year.

As discussed above, we do not target the compensation of our NEOs to any specific level within the range of total compensation paid by our peer group. However, the Compensation Committee recognizes that because, particularly with respect to our Chief Executive Officer and our President, a significant amount of their total compensation is driven by a formulaic and objective process pursuant to the Annual Incentive Plan, there are occasions, such as in 2015, when the incentive compensation predicated by our Annual Incentive Plan produces a less than optimal result. For example, our Chief Executive Officer's total compensation in 2015 was nearly cut in half from 2014 levels and was well below the total compensation paid to the next lowest paid chief executive within our peer group. The decline was due, in large part, to a decline in the Company's stock price driven largely by macroeconomic factors. After discussing in the spring of 2016 the outcome of the 2015 executive compensation process and certain other factors discussed above, the Compensation Committee determined to approve the May 2016 RSA to Mr. Mumma, which was comprised of 100,000 shares of restricted stock. The Compensation Committee does not consider such a separate and distinct equity grant to be a regular part of its annual incentive compensation program, but will use such a grant where it believes the Annual Incentive Plan fails to produce total compensation payable to a NEO that is consistent with the objectives of our executive compensation program.

Finally, the Compensation Committee also reviews and makes recommendations to our Board of Directors annually with respect to the compensation of our non-management directors. In setting director compensation, our Board of Directors generally considers the compensation practices and levels for directors paid by our peer group and by other mortgage REITs, as well as the expected time commitment from the non-management directors in such year.

Scope of Authority of Compensation Committee

The Compensation Committee has overall responsibility for approving, evaluating and, in some cases, recommending to the Board of Directors, on an annual basis, director and officer compensation plans, policies and programs of the Company, including determining salaries, annual cash bonuses, restricted stock awards, change in control and termination arrangements and director fees. Pursuant to its charter, the Compensation Committee has the sole authority to retain, terminate and pay any compensation consultant to be used to assist in the evaluation of director and senior executive compensation, as well as the authority to retain special legal, accounting or other consultants to advise the committee and may form subcommittees and delegate its authority to such subcommittees. Neither the Compensation Committee nor management has engaged a compensation consultant since 2005 and no subcommittees were formed by the Compensation Committee in 2016.

Executive Compensation Program Components

The following provides an overview of our approach to each primary element of our NEO compensation program and an analysis of the compensation paid under each of these elements.

Base Salary

Base salary, which represents the fixed element of our executive compensation program, provides for basic economic security at a level that allows us to retain the executive's services. The Compensation Committee generally establishes annual base salaries for our NEOs commensurate with the level of experience that the executive brings to the position, the nature of the responsibilities required of the executive, such as whether the executive is performing in multiple roles, how successful the executive is in achieving goals established by the Compensation Committee and the executive's contributions to the Company, but does not assign any specific weights to these factors. As discussed in other parts of this CD&A, the Compensation Committee also gives significant consideration to the size of the Company and our budgeted operating expenses in setting annual base salaries and has not historically targeted base salaries for our NEOs to any specific level within the range of base salaries paid by our peer group. Base salaries are reviewed annually and may be adjusted to better match competitive market levels or to recognize an executive's professional growth and development, increased responsibility or other discretionary factors.

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In February 2016, the Compensation Committee elected to increase base salaries from 2015 levels for each of Mr. Reese and Ms. Nario for fiscal year 2016, with Mr. Reese's set at \$350,000 and Ms. Nario's at \$300,000. The determination to increase base salaries in 2016 for these NEOs was driven primarily by our desire to establish a base salary that is more competitive with the base salaries paid by our peer group. Mr. Mumma's annual base salary was unchanged at \$700,000 and Mr. Donlon's annual base salary was set at \$550,000 as provided in the Employment Agreement between us and Mr. Donlon entered into on May 16, 2016, of which Mr. Donlon was paid the pro-rated amount of \$343,750.

Incentive Compensation

Incentive compensation, in the form of annual cash incentive compensation and equity incentive awards subject to time-based vesting conditions (payable in the form of restricted stock), is available to each of the NEOs under the Annual Incentive Plan. See "— Annual Incentive Plan" below. Incentive compensation serves as a means of linking annual compensation both to our overall performance and to objective and subjective performance criteria that are within the control of the NEOs.

In part, to better align our NEOs' interests with those of our stockholders and to cause them to increase their ownership of common stock, the Compensation Committee has structured the Annual Incentive Plan to require the NEOs to receive, subject to the amount of incentive compensation earned, a portion of their incentive compensation as equity incentive awards subject to time-based vesting conditions. The Compensation Committee believes that equity incentive awards subject to time-based vesting conditions are important to motivate and reward the NEOs for maximizing stockholder value, and also help create an incentive for talented employees to remain with the Company on a longer-term basis, while the cash incentive compensation payable under the Annual Incentive Plan provides NEOs with current income for achieving performance criteria during 2016. Equity incentive awards under the Annual Incentive Plan are provided by grants of restricted stock issued under our 2010 Stock Plan (or any successor plan) which vest ratably on the first, second and third anniversaries of the grant date.

Annual Incentive Plan

Pursuant to the Annual Incentive Plan, we provide our NEOs with the opportunity to earn annual incentive compensation for achieving corporate financial and non-financial goals. The Annual Incentive Plan, which provides for no minimum award or guaranteed payment, is comprised of two parts: a quantitative component and a qualitative component. Pursuant to the Annual Incentive Plan as effective for fiscal year 2016, each of Messrs. Mumma's and Donlon's incentive compensation was weighted such that 80% was based on performance under the quantitative component and 20% under the qualitative component, while Mr. Reese's incentive compensation was weighted such that 65% was based on performance under the quantitative component and 35% under the qualitative component. The Compensation Committee set Ms. Nario's incentive compensation under the Annual Incentive Plan to be weighted such that 25% was based on performance under the quantitative component and 75% was based on performance under the qualitative component. Because Messrs. Mumma and Donlon are our most senior executives and, in Mr. Mumma's case, he has ultimate responsibility over our investment portfolio and other business decisions and, in Mr. Donlon's case, as the Company's next-most senior executive officer, he is responsible for managing our multi-family strategy, which asset category is the Company's largest revenue producer, our success or failure is highly dependent on these individuals. As a result, the Compensation Committee concluded that Messrs. Mumma's and Donlon's incentive compensation should be weighted more heavily on our achievement of the performance criteria under the quantitative component as compared to the weighting of components for Mr. Reese and Ms. Nario. In addition, because Ms. Nario does not have management responsibility for investment strategy, asset selection or portfolio management, unlike Mr. Reese, the Compensation Committee concluded that Ms. Nario's performance under the quantitative component should be weighted at 25%.

Quantitative Component. The amount of the incentive compensation payable under the quantitative component was based on the average of three performance measures, adjusted return on equity (“AROE”), total economic return (“TER”) and total common stockholder return (“TSR” and together with AROE and TER, the “Quantitative Company Performance Measure”). The ultimate amount of the payout under the quantitative component of the Annual Incentive Plan was contingent on the Company exceeding specified return hurdles under the Quantitative Company Performance Measure for the 2016 fiscal year. Prior to the 2015 fiscal year, the quantitative component had been based solely on AROE.

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For purposes of the Annual Incentive Plan:

▲ROE is defined as (A) GAAP net income, as reported in the Company's annual financial statements for the