

NEW YORK MORTGAGE TRUST INC

Form DEF 14A

April 26, 2005

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**NEW YORK MORTGAGE TRUST, INC.
SCHEDULE 14A
(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 Registrant)

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**1301 Avenue of the Americas
New York, New York 10019
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 31, 2005**

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 or us) on Tuesday, May 31, 2005 at 10:00 a.m., local time, at The Warwick New York Hotel, 65 West 54th Street, New York, NY 10019 to consider and take action on the following:

1. To elect nine members to the Board of Directors for a term of one year each;
2. To approve the Company s 2005 Stock Incentive Plan; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only stockholders of record as of the close of business on April 15, 2005 are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. You may vote by mail by completing and returning the enclosed proxy in the envelope provided. Please see the attached proxy statement for more details on how you can vote.

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 return the enclosed proxy card to vote your shares 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 B. Schnall
Chairman of the Board and
Co-Chief Executive Officer

New York, New York
April 26, 2005

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**NEW YORK MORTGAGE TRUST, INC.
1301 Avenue of the Americas
New York, New York 10019
PROXY STATEMENT
GENERAL INFORMATION**

Proxy Solicitation

This proxy statement is furnished in connection with the solicitation of proxies by our Board of Directors for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held at The Warwick New York Hotel, 65 West 54th Street, New York, New York 10019 on Tuesday, May 31, 2005 at 10:00 a.m., local time, and at any adjournment and postponement thereof. This proxy statement and the accompanying proxy card were first sent to stockholders on or about April 29, 2005.

The mailing address of our principal executive offices is 1301 Avenue of the Americas, New York, New York 10019. We maintain an internet website at www.nymtrust.com. Information at our website is not and should not be considered part of this proxy statement.

The Company 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 by mail, proxies may be solicited by the directors, officers and employees of the Company, at no additional compensation, by telephone, telegram, personal interviews or otherwise.

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.

Purposes of the Annual Meeting

The principal purposes of the Annual Meeting are to: (1) elect nine members to the Board of Directors, (2) approve the Company's 2005 Stock Incentive Plan (the 2005 Plan), and (3) transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. The Board of Directors knows of no other matters other than those stated above to be brought before the Annual Meeting.

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. If you hold your shares in your own name as a holder of record, you may instruct the proxies to vote your shares by signing, dating and mailing the proxy card in the postage-paid envelope provided. Properly signed and returned proxies will be voted in accordance with the instructions contained therein. If the proxy card is signed, dated and returned, but voting directions are not made, the proxy will be voted for each of the director nominees, for the approval of our 2005 Plan and in such manner as the proxy holders named on the enclosed proxy card, in their discretion, determine upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. To vote in person, you must attend the Annual Meeting and obtain and submit a ballot, which will be provided at the meeting.

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How to Revoke Your Proxy

If you have already returned your proxy to us, 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 Secretary in writing that you would like to revoke your proxy;

by completing a proxy card with a later date and by returning it to us at or before our Annual Meeting; 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

Our Board of Directors has fixed the close of business on April 15, 2005 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. As of the close of business on April 15, 2005, the Company had outstanding 17,797,375 shares of common stock (the Common Stock). On all matters to come before the Annual Meeting, each holder of Common Stock will be entitled to vote at the Annual Meeting and will be entitled to one vote for each share owned.

The representation in person or by proxy of a majority of the issued and outstanding shares of Common Stock is necessary to provide a quorum for voting at the Annual Meeting. If you have returned valid proxy instructions or if you hold your Common Stock in your own name as a holder of record and attend the Annual Meeting in person, your shares will be counted for the purpose of determining whether there is 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.

The vote of a plurality of all the votes cast at a meeting at which a quorum is present is necessary for the election of a director. For purposes of the election of directors, abstentions will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

The affirmative vote of a majority of the votes cast on the proposal is required for approval of the Company's 2005 Plan, provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal. For purposes of the vote on our 2005 Plan, abstentions will have the same effect as votes against the proposal and broker non-votes will have the same effect as votes against the proposal, unless holders of more than 50% in interest of all securities entitled to vote on the proposal cast votes, in which event broker non-votes will not have any effect on the result of the vote.

Under applicable New York Stock Exchange rules (the exchange on which our Common Stock is traded), brokers holding shares of our Common Stock for beneficial owners in nominee or street name must vote those shares according to the specific instructions they receive from the beneficial owners. However, brokers or nominees holding shares for a beneficial owner may not receive voting instructions from the beneficial owner and under the NYSE's rules may not have discretionary voting power on non-routine matters. In these cases, if no specific voting instructions are provided by the beneficial owner, the broker may not vote on non-routine proposals. This results in what is known as a broker non-vote. Since the election of directors is a routine matter for which specific instructions from beneficial owners are not required under the NYSE's rules, no broker non-votes will arise in the context of voting for the nine director nominees. However, broker non-votes may arise in the context of voting for the proposal to approve our 2005 Plan because such proposal is considered a non-routine matter. Unless specific voting instructions are provided by the beneficial owner, the broker will be unable to vote on the proposal to approve our 2005 Plan.

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If you do not provide voting instructions to your broker for our Common Stock held in nominee or street name, your brokerage firm may either (1) vote your shares on routine matters, including this year's election of directors or (2) leave your shares unvoted. To be certain that your shares are voted at our Annual Meeting, we encourage you to provide instructions to your brokerage firm or return your proxy.

**PROPOSAL 1:
ELECTION OF DIRECTORS**

The Board of Directors has fixed the number of directors at nine. The nine persons named below are nominated to serve on the Board of Directors until the 2006 Annual Meeting of Stockholders or until such time as their respective successors are elected and qualified. Each nominee is currently a director of the Company.

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
David A. Akre	Co-CEO of the Company	2003	47
David R. Bock	CFO, I-Trax, Inc.	2004	61
Alan L. Hainey	Owner and Manager, Carolina Dominion LLC	2004	59
Steven G. Norcutt	EVP and COO, Centennial Mortgage Funding, Inc.	2004	45
Mary Dwyer Pembroke	Director, Campaign for Special Olympics	2004	47
Raymond A. Redlingshafer, Jr.	President and CIO of the Company	2003	49
Steven B. Schnall	Chairman of the Board and Co-CEO of the Company	2003	38
Jerome F. Sherman	Independent financial consultant	2004	65
Thomas W. White	Senior Advisor, Beekman Advisors	2004	67

David A. Akre is a member of our Board of Directors and is our Co-Chief Executive Officer, a position he has held since our formation in 2003. Prior to co-founding our company, Mr. Akre served as Vice President in Capital Markets at Thornburg Mortgage Corporation, a publicly traded residential mortgage REIT, from 1997 to 2003. From 1995 to 1997, Mr. Akre was a whole loan trader at Principal Asset Markets, a subsidiary of Principal Life, a boutique whole loan broker-dealer located in New Jersey. From 1988 to 1995, Mr. Akre served in a variety of positions, including Vice President, with GE Capital Mortgage Corporation. These positions included responsibility for mortgage pipeline hedging, bidding bulk fixed-rate loan pools, securitization of specific mortgage portfolios for public pension funds, and brokering loans between mortgage insurance clients. From 1985 to 1988, Mr. Akre worked in institutional taxable fixed income sales for Security Pacific Merchant Bank in New York, and prior to that, Mr. Akre worked in mortgage origination for three mortgage banking companies in New York. Mr. Akre received a B.S. in nautical science from the United States Merchant Marine Academy.

David R. Bock has served as a member of our board of directors since completion of our IPO in June 2004. Mr. Bock is Chief Financial Officer of I-Trax, Inc., a publicly traded (AMEX) healthcare company, a position he has held since 2004. From 1995 to 2004, Mr. Bock was a managing Partner of Federal City Capital Advisors, a strategic consulting and advisory firm. During this period, Mr. Bock also served as Executive Vice President and Chief Financial Officer of Pedestal Inc., an online mortgage-backed securities trading platform, from 2000 until 2002. From 1992 to 1995, Mr. Bock served as a Managing

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Director at Lehman Brothers. Prior to joining Lehman Brothers, Mr. Bock served as Director, Operations Staff at The World Bank, where he was responsible for integrating policy, strategy and budget across four geographic regions and where he served as a member of the bank's senior management investment committee. Mr. Bock also served in a number of other management positions at The World Bank from 1974 to 1979 and 1982 to 1989 including Director, Bank Group Financial Policy, Director, Country Debt Restructuring and Liability Management and Division Chief, Funding Strategy. From 1979 to 1982, Mr. Bock was a partner of Atlantic Resources, a merchant bank focused on energy, agriculture and transportation projects in the Mid-Atlantic region of the U.S. Prior to this, Mr. Bock was an associate at McKinsey & Company. Mr. Bock received a B.A. in Philosophy from the University of Washington and M.Phil. in Economics from Oxford University, where he was a Rhodes Scholar.

Alan L. Hainey has served as a member of our board of directors since completion of our IPO in June 2004. 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 the GE Capital 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.

Steven G. Norcutt has served as a member of our board of directors since completion of our IPO in June 2004. Since May 2001, Mr. Norcutt has served as Executive Vice President and Chief Operating Officer of Centennial Mortgage and Funding, Inc., a residential mortgage banking company based in Minnesota. Mr. Norcutt's responsibilities at Centennial Mortgage and Funding, Inc., include oversight of firm profitability, diversification of product mix, recruiting, technology, production management, financial management and financial reporting. 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 a M.B.A. in Finance from the University of Minnesota and a B.S. in Finance from St. Cloud State University.

Mary Dwyer Pembroke has served as a member of our board of directors since completion of our IPO in June 2004. Ms. Pembroke serves as Director of the Campaign for Special Olympics, a position she has held since 2004. Ms. Pembroke has served as a government relations strategist for the Student Loan Marketing Association from 2003 to 2004 and served as Counsel, Government Relations for BlackBird Technologies from 2001 to 2003. From 2001 to 2002, Ms. Pembroke served as a government relations consultant for Freddie Mac and from 1994 to 2001 Ms. Pembroke served as the Director, Government Relations for Freddie Mac. Prior to her service with Freddie Mac, Ms. Pembroke served as a Manager, International Risk Assessment with FMC Corporation, a Manager, Government Relations and Community Development with Citibank, counsel to the Housing and Urban Affairs Subcommittee of the United States Senate Banking Committee and as a legislative assistant to a United States Congressman. Ms. Pembroke received a B.A. in History, Political Science and French from Marquette University and a J.D. from Marquette University.

Raymond A. Redlingshafer, Jr. is a member of our board of directors and is our President and Chief Investment Officer, a position he has held since our formation in 2003. Prior to co-founding New York Mortgage Trust, Mr. Redlingshafer served as the Managing Director of Pedestal Capital, an Internet-based trading platform used by institutional investors and dealers to transact in mortgage-backed securities, from 2000 to 2001. From 1998 to 2000, Mr. Redlingshafer served as Vice President of Mortgage Capital Markets for Salomon Smith Barney in Mortgage Trading. From 1995 to 1998, Mr. Redlingshafer served as National Director of Securities Marketing for Freddie Mac where he managed a team that marketed

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Freddie Mac securities to domestic and international fixed income investors. Prior to joining Freddie Mac, Mr. Redlingshafer was with UBS-PaineWebber from 1988 to 1995, where he started the ARMS trading desk and held a variety of mortgage trading positions before being promoted to Mortgage Sales & Product Manager.

Mr. Redlingshafer began his career in 1983 with Goldman Sachs & Co. as a whole loan mortgage trader and was one of the original members of Goldman's mortgage department. Mr. Redlingshafer received a B.S. in business administration, as well as a J.D. and an M.B.A., from Creighton University.

Steven B. Schnall is our Chairman and Co-Chief Executive Officer, positions he has held since our formation in 2003. Prior to co-founding New York Mortgage Trust, Mr. Schnall co-founded NYMC in 1998, where he has served since inception as President and Chief Executive Officer. From 1992 until 1998, Mr. Schnall founded and served as the President of New York Mortgage Corp., one of the predecessors of NYMC. Prior to forming New York Mortgage Corp. in 1992, Mr. Schnall worked for Price Waterhouse, a big eight public accounting firm. Mr. Schnall received a B.S. cum laude in accounting from the University of Florida.

Jerome F. Sherman has served as a member of our board of directors since completion of our IPO in June 2004. Dr. Sherman is a recently retired Finance Professor from Creighton University. Since May 1999, Dr. Sherman has worked as a financial consultant to various corporations and as an economic and financial expert in litigation matters. Prior to that time, Dr. Sherman spent 29 years teaching both undergraduate and graduate finance courses at Creighton University and the University of Nebraska-Lincoln. Prior to that time, Dr. Sherman spent five years as a registered representative and owner of a small brokerage firm and five years in the research and corporate finance departments of two regional brokerage firms. Dr. Sherman has served on a variety of corporate and civic boards in Omaha and other locations in the Midwest. Dr. Sherman has served as an economic and financial expert in more than 1,500 legal proceedings during the past thirty years. Dr. Sherman received a B.S. in Mathematics from Regis College, a M.A. in Finance and Economics from Memphis State University and a Ph.D. in Finance from the University of Mississippi.

Thomas W. White has served as a member of our board of directors since completion of our IPO in June 2004. Since 2003, Mr. White has served as Senior Advisor to Beekman Advisors, a strategic financial advisory and investment management firm focused on the affordable housing sector. Since 2001, Mr. White has served as a member of the board of trustees of Charter Mac (AMEX: CHC) where he also serves as a member of the board's investment committee. Mr. White also serves on the board of directors of the Enterprise Social Investment Company, a for-profit subsidiary of the Enterprise Foundation. In 2001, Mr. White retired as a Senior Vice President of Fannie Mae where he has, served in a variety of positions since 1987. From 1986 to 1987, Mr. White served as an investment banker with Bear Stearns, Inc. From 1979 to 1986, Mr. White was the executive vice president of the National Council of State Housing Agencies. Mr. White received a B.A. in History from Wayne State University.

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

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**PROPOSAL 2:
APPROVAL OF THE NEW YORK MORTGAGE TRUST, INC.
2005 STOCK INCENTIVE PLAN**

We are asking stockholders to approve the 2005 Stock Incentive Plan (the "2005 Plan"). Our Board of Directors adopted the 2005 Plan on March 10, 2005, subject to the approval of our stockholders. The terms of the 2005 Plan are substantially the same as our 2004 Stock Incentive Plan (the "2004 Plan"). The Board believes that the 2005 Plan will enhance the Company's ability to attract and retain highly qualified and experienced employees and will further align their interests with those of our stockholders.

The 2004 Plan was adopted shortly before the Company's initial public offering ("IPO") in June 2004, and reserved 1,500,250 shares of Common Stock, approximately 8.5% of the Company's outstanding Common Stock after its IPO, for issuance under the 2004 Plan. Of this amount, the maximum aggregate number of shares that may be issued pursuant to the exercise of stock appreciation rights ("SARs") or options is 706,000 shares, or approximately 4.0% of the Company's outstanding Common Stock after its IPO, while the maximum aggregate number of shares that may be issued under the 2004 Plan as stock awards or for the settlement of performance shares is 794,250 shares, or approximately 4.5% of the Company's outstanding Common Stock after its IPO. The Company awarded approximately 412,125 shares of restricted stock to its directors and executive officers and granted an aggregate of 176,500 stock options to Messrs. Schnall and Fierro in connection with its IPO in June 2004. The Company had approximately 509 full-time employees at the time of the IPO.

In November 2004, the Company acquired certain assets of Guaranty Residential Lending, Inc. ("GRL"), including, among other things, the office and equipment lease obligations of 15 full service and 26 satellite retail mortgage banking offices located in the Northeast and Mid-Atlantic states. In connection with this acquisition, the Company's wholly-owned subsidiary, The New York Mortgage Company, LLC ("NYMC"), hired approximately 275 former GRL employees. As a result of the GRL acquisition, the Company's annual mortgage originations are expected to approximately double. In order to retain and provide incentive compensation to these newly hired employees, as well as certain key employees of NYMC, the Compensation Committee of the Board of Directors approved the grant of an aggregate of 103,732 shares of restricted stock, 203,677 performance shares and 380,000 stock options to the newly hired GRL employees and to certain key employees of NYMC. None of the Company's directors or executive officers participated in these grants. Largely as a result of the GRL acquisition, the number of persons employed by the Company since its IPO has increased by 60.7% to 818 employees at April 15, 2005. As of April 15, 2005, the Company had issued a total of 556,500 nonqualified stock options, 515,857 restricted stock grants and 203,677 performance stock grants to its employees and non-employee directors. As a result, only 74,716 shares and 149,500 options remain available for issuance under the 2004 Plan.

The Board of Directors believes additional shares will be needed under a stock incentive plan to provide appropriate incentives to present and future employees during 2005 and 2006. Accordingly, the Board of Directors approved the Company's 2005 Stock Incentive Plan, subject to stockholder approval. The purpose of adopting the 2005 Plan, which is substantially in the form of the 2004 Plan, is to reserve additional shares of Common Stock for awards to participants. The 2005 Plan provides that up to 936,111 shares of Common Stock may be issued thereunder. That number of shares represents 711,895 shares (4% of the 17,797,375 shares of Common Stock outstanding at March 10, 2005) plus 224,216 shares of Common Stock (the shares that remain available for issuance under the 2004 Plan). The number of shares available for issuance under the 2005 Plan will be increased by (a) 6% of the number of additional shares of Common Stock issued between March 10, 2005 and May 31, 2006 (other than shares issued under the 2004 Plan or 2005 Plan) and (b) the number of shares covered by 2004 Plan awards that are forfeited or terminated after March 10, 2005. Based on the number of shares outstanding at April 15, 2005, and assuming no issuance of additional shares, the share authorization for the 2005 Plan represents 5.3% of the Company's outstanding Common Stock. The number of shares authorized for issuance under the Plan will be appropriately adjusted in the event of a stock dividend, stock split, combination or similar changes in our capitalization.

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The 2005 Plan is intended to replace the 2004 Plan. Upon stockholder approval of the 2005 Plan, the 2004 Plan will terminate and no further grants will be made under the 2004 Plan.

The full text of the 2005 Plan has been filed as Appendix B to the Company's Schedule 14A definitive proxy statement filed with the Securities and Exchange Commission.

Description of the 2005 Plan

This summary is qualified in its entirety by the detailed provisions of the 2005 Plan. The purpose of the 2005 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 2005 Plan is administered by the compensation committee of our board of directors. The compensation committee may delegate to one or more of our officers all or part of the committee's authority and duties under the 2005 Plan, except as to participants who are subject to Section 16 of the Securities Exchange Act of 1934. This summary uses the term "committee" to refer to the compensation committee of our Board and any delegate of the committee.

Subject to the terms of the 2005 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 2005 Plan.

Source of Shares. The shares of common stock issued or to be issued under the 2005 Plan consist of authorized but unissued shares. If any shares covered by an award are not purchased 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 counted against the aggregate number of shares available under the 2005 Plan with respect to the award will, to the extent of any such forfeiture or termination, again be available for making awards under the 2005 Plan.

Eligibility. Awards may be made under the 2005 Plan to our or our affiliates' employees, outside directors and to any other individual or entity who provides services to us or an affiliate and whose participation in the 2005 Plan is determined to be in our best interests by our Board.

Options. The 2005 Plan permits the grant of options to purchase shares of common stock intended to qualify as incentive stock options under the Internal Revenue 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. We may 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 economic value of the employee's stock option from his or her former employer.

The term of each stock option will be fixed by the committee and may not exceed 10 years from the date of grant. 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. The exercisability of options may be accelerated by the compensation committee. Except in the case of changes in the Company's capitalization, the exercise price of an option may not be reduced after its grant 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 (which, if acquired from us, have been held by the optionee for at least six months) or by means of a broker-assisted cashless exercise. Stock options granted under the 2005 Plan may not be sold, transferred, pledged or assigned other than by will or under applicable laws of descent and distribution. However, we may permit limited transfers of nonqualified options for the benefit of immediate family members of participants to help with estate planning concerns.

Stock Awards. The 2005 Plan also permits the grant of shares of our common stock in the form of stock awards. 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 the performance criteria described

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below. 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. Unrestricted shares of common stock, which are shares of common stock awarded at no cost to the participant or for a purchase price determined by the committee, may also be issued under the 2005 Plan.

Incentive Awards. Incentive awards entitle the participant to receive shares of common stock or, in the discretion of the committee, a cash payment, subject to the attainment of objectives based on the performance criteria described below. All incentive awards shall be finally determined exclusively by the committee under the procedures established by the committee. Incentive awards shall be nontransferable; provided however, the committee may permit limited transfers of incentive awards for the benefit of immediate family members of participants to help with estate planning concerns.

Performance Shares. The 2005 Plan also allows the grant of performance share awards, meaning the right to receive common stock, cash or a combination of common stock and cash in the future. The participant will be entitled to receive payment pursuant to the performance shares only upon the satisfaction of performance objectives and other criteria prescribed by the committee. The performance measurement period will be at least three years from the date of the award; provided, however, that the performance measurement period shall be at least one year from the date of the award if the payment is contingent on the attainment of the objectives stated with respect to performance criteria listed below. To the extent the performance shares are earned, our payment obligation may be settled in cash, by shares of our common stock or a combination of the two.

Stock Appreciation Rights. Stock appreciation rights may be awarded under the 2005 Plan. Stock appreciation rights entitle the participant to receive a number of shares of common stock or, in the discretion of the compensation committee, an amount in cash or a combination of shares and cash, based on the increase in the fair market value of the shares underlying the stock appreciation right during a stated period specified by the compensation committee.

Performance Criteria. Section 162(m) of the Internal Revenue 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 officers and the four highest compensated executive officers other than the chief executive officer. However, performance-based compensation is excluded from this limitation. The 2005 Plan is designed to permit the compensation committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m). Accordingly, the 2005 Plan provides that no individual may receive awards in any calendar year covering more than 175,000 shares of Common Stock. In addition, no individual may receive more than \$3,000,000 in any calendar year under an incentive award.

The compensation committee will use one or more of the following business criteria, on a consolidated basis, and/or with respect to specified subsidiaries or lending groups (except with respect to the total shareholder 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 Internal Revenue Code:

total stockholder return;

total stockholder return as compared to total return (on a comparable basis) of a publicly available index such as, but not limited to, the Standard & Poor's 500 Stock Index;

net income;

pretax earnings;

funds from operations;

earnings before interest expense and taxes;

earnings before interest, taxes, depreciation and amortization;

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operating margin;
earnings per share;
return on equity;
return on capital;
return on assets;
return on investment;
operating earnings;
working capital;
ratio of debt to stockholders' equity; and
revenue.

Adjustments for Stock Dividends and Similar Events. The compensation committee 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 2005 Plan, including the individual limitations on awards, to reflect common stock dividends, stock splits, spin-off and other similar events.

Change in Control. The 2005 Plan provides that the compensation committee has the discretion to provide that all or any outstanding options and stock appreciation rights will become fully exercisable, all or any outstanding stock awards will become vested and transferable and all or any outstanding performance shares and incentive awards will be earned if there is a change in control of our Company.

Under the 2005 Plan, a change in control is generally defined to include (i) the acquisition of at least 50% of our voting securities by any person; (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 our board of directors; (v) stockholder approval of our liquidation or dissolution; or (vi) our board of directors adopts a resolution to the effect that, in its judgment, as a consequence of any transaction or event, a change in control has effectively occurred.

Amendment or Termination of the Plan. While our Board of Directors may terminate or amend the 2005 Plan at any time, no amendment may adversely impair the rights of participants with respect to outstanding awards. In addition, an amendment will be contingent on approval of our stockholders to the extent required by law, the rules of the New York Stock Exchange or if the amendment would increase the benefits accruing to participants under the 2005 Plan, materially increase the aggregate number of shares of common stock that may be issued under the 2005 Plan, or materially modify the requirements as to eligibility for participation in the 2005 Plan.

Unless terminated earlier, the 2005 Plan will terminate in 2015, but will continue to govern unexpired awards.

Federal Income Tax Consequences. We have been advised by counsel regarding the federal income tax consequences of the 2005 Plan. No income is recognized by a participant at the time an option is granted. If the option is an incentive stock option, no income will be recognized upon the participant's exercise of the option. Income is recognized by a participant upon disposition of shares acquired under an incentive stock option. The exercise of a nonqualified stock option generally is a taxable event that requires the participant to recognize, as ordinary income, the difference between the shares' fair market value and the option price.

A participant will recognize ordinary income on account of the settlement of a performance share award and settlement of a stock appreciation right or incentive award. The participant will recognize ordinary income equal to

any cash that is paid and the fair market value of any Common Stock (on the

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date that the shares are first transferable or not subject to a substantial risk of forfeiture) that is received under the award.

Income is recognized on account of the grant of a stock award when the shares first become transferable or are no longer subject to a substantial risk of forfeiture. At that time the participant recognizes ordinary income equal to the fair market value of the Common Stock.

The employer (either the Company or an affiliate) will be entitled to claim a federal income tax deduction on account of the exercise of a nonqualified stock option or stock appreciation right, the vesting of a stock award or the settlement of a performance share award or incentive award. The amount of the deduction is equal to the ordinary income recognized by the participant. The employer will not be entitled to a federal income tax deduction on account of the grant or exercise of an incentive stock option. The employer may claim a federal income tax deduction on account of certain dispositions of stock issued upon the exercise of an incentive stock option.

Our Board of Directors recommends that stockholders vote FOR the Company s 2005 Stock Incentive Plan.

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INFORMATION ON OUR BOARD OF DIRECTORS AND ITS COMMITTEES

Independence of Our Board of Directors

Our Bylaws and Corporate Governance Guidelines and the listing standards of the New York Stock Exchange require that a majority of our directors be independent. Our Board of Directors has determined that the following members of our Board are independent, as that term is defined under our Bylaws and Corporate Governance Guidelines and the general independence standards in the listing standards of the New York Stock Exchange: David R. Bock, Alan L. Hainey, Steven G. Norcutt, Mary Dwyer Pembroke, Jerome F. Sherman and Thomas W. White. We presently have nine directors, including these six independent directors.

Our Board of Directors has established standing committees to assist it in the discharge of its responsibilities. The principal responsibilities of each committee are described below. Actions taken by any committee of our Board of Directors are reported to the Board of Directors, usually at the meeting following such action.

Executive Sessions of Our Non-Management Directors

The non-management directors of our Board of Directors will occasionally meet in executive sessions that exclude members of the management team. There were two executive sessions held during the period beginning June 29, 2004, the date we completed our IPO, through December 31, 2004. The Board of Directors has determined that a Discussion Leader should chair all meetings of non-management directors. During these meetings, the Discussion Leader has the power to lead the meeting, set the agenda and determine the information to be provided. The Discussion Leader position will rotate among the chairs of each of the independent Board Committees in the following order: Nominating & Corporate Governance Committee, Compensation Committee and Audit Committee. Stockholders and other interested persons may contact the Discussion Leader in writing by mail c/o New York Mortgage Trust, Inc., 1301 Avenue of the Americas, New York, New York 10019, Attention: Michael I. Wirth, Secretary. All such letters will be forwarded to the Discussion Leader for the next meeting of our non-executive management directors.

Audit Committee

Our Board of Directors has established an Audit Committee, which consists of Messrs. Sherman (Chairman), Bock 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 standards for Audit Committee members in the SEC rules, the listing standards of the NYSE and our Bylaws and Corporate Governance Guidelines, and that each of the members of the Audit Committee is financially literate, as that term is interpreted by our Board of Directors. In addition, our Board of Directors has determined that Mr. Bock is an audit committee financial expert as that term is defined in the SEC rules. The Audit Committee operates under a written charter adopted by our Board of Directors, a copy of which is attached to the proxy statement as Appendix A. The primary duties and responsibilities of the Audit Committee include, among other things:

 serving as an independent and objective body to monitor and assess our compliance with legal and regulatory requirements, our financial reporting process and related internal contract systems and the performance generally of our internal audit function;

 overseeing the audit and other services of our outside auditors and being directly responsible for the appointment, independence, qualifications, compensation and oversight of our outside auditors, who will report directly to the audit committee;

 providing an open means of communication among our outside auditors, accountants, financial and senior management, our internal audit department, our corporate compliance department and our board of directors;

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resolving any disagreements between our management and our independent auditors regarding our financial reporting;

meeting at least quarterly with our senior executives, internal audit staff and independent auditors; and

preparing the audit committee report for inclusion in our annual proxy statements for our annual stockholder meeting.

The Audit Committee met three (3) times during the period beginning June 29, 2004 through December 31, 2004, and all of the members attended each of the meetings.

For more information, please see Audit Committee Report beginning on page 27.

Compensation Committee

Our Board of Directors has established a Compensation Committee which consists of Messrs. White (Chairman), Hainey, Norcutt, Sherman and Ms. Pembroke. Our Board has determined that each of the Compensation Committee members is independent, as that term is defined under our Bylaws and Corporate Governance Guidelines and the listing standards of the NYSE. The Compensation Committee operates under a written charter adopted by our Board. The Compensation Committee determines compensation for our executive officers and administers our 2004 Plan. The Committee's basic responsibility is to assure that the Chief Executive Officer, other officers and key management of the Company 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 two (2) times during the period beginning June 29, 2004 through December 31, 2004, and each of the members attended the meetings.

For more information, please see Compensation Committee Report beginning on page 23.

Nominating & Corporate Governance Committee

Our Board of Directors has established a Nominating & Corporate Governance Committee which consists of Ms. Pembroke (Chairwoman) and Messrs. Hainey, Norcutt, Sherman and White. Our Board has determined that each of the Nominating & Corporate Governance Committee members is independent, as that term is defined under our Bylaws and Corporate Governance Guidelines and the listing standards of the NYSE. The Nominating & Corporate Governance Committee operates under a written charter adopted by our Board. Among other duties, this committee: identifies, selects, evaluates and recommends to our Board candidates for service on our Board; and

oversees the evaluation of our Board and management.

The Nominating & Governance Committee met one (1) time during the period beginning June 29, 2004 through December 31, 2004, and each of the members attended the meeting.

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.

Code of Business Conduct and Ethics

The Company has adopted a code of business conduct and ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer and the Company's other employees. The Company has also adopted a code of ethics for senior financial officers, including the principal financial and principal accounting officers. The Company intends to satisfy the disclosure requirement under Item 10 of Form 8-K relating to amendments to or waivers from any provision of either

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of these Code of Ethics applicable to the Company's co-chief executive officers and chief financial officer by posting such information on its website at www.nymtrust.com, Investor Relations, Corporate Governance.

Availability of Corporate Governance Materials

Stockholders may view our corporate governance materials, including the charters of our Audit Committee, our Compensation Committee and our 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, and these documents are available in print to any stockholder upon request by writing to New York Mortgage Trust, Inc., 1301 Avenue of the Americas, New York, New York 10019, Attention: Michael I. Wirth, Secretary. Information at our website is not and should not be considered a part of this proxy statement.

Directors Nominations

Nominating & Corporate Governance Committee. The Company's Nominating & Corporate Governance Committee performs the functions of a nominating committee. The Nominating & Corporate Governance Committee's charter describes the Committee's responsibilities, including seeking, screening and recommending directors candidates for nomination by our Board. The Company's Corporate Governance Guidelines also contain information concerning the responsibilities of the Nominating & Corporate Governance Committee with respect to identifying and evaluating directors candidates. Both documents are published on the Company's website at www.nymtrust.com. Information at our website is not and should not be considered a part of this proxy statement.

Directors Candidate Recommendations and Nominations by Stockholders. The Nominating & Corporate Governance Committee's charter provides that the committee will consider directors candidate recommendations by stockholders. Stockholders should submit any such recommendations for the consideration of our 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 2006 Annual Meeting of Stockholders may nominate persons for election to the Board of Directors if that stockholder complies with the notice procedures summarized in Stockholder Proposals for Our 2006 Annual Meeting below.

Process for Identifying and Evaluating Director Candidates. The Nominating & Corporate Governance Committee evaluates all director candidates in accordance with the directors qualification standards described in our Corporate Governance Guidelines. The committee evaluates any candidate's qualifications to serve as a member of the Board based on the skills and characteristics of individual Board members as well as the composition of the Board as a whole. In addition, the Nominating & Corporate Governance Committee will evaluate a candidate's independence and diversity, skills and experience in the context of the Board's needs.

Communications with Our Board of Directors

Our Board of Directors has approved unanimously a process for stockholders to send communications to our Board. Stockholders can send communications to our Board and, if applicable, to any committee or to specified individual directors in writing c/o New York Mortgage Trust, Inc., 1301 Avenue of the Americas, New York, New York 10019, Attention: Secretary. The Company does not screen mail, except when warranted for security purposes, and all such letters will be forwarded to our Board and any such specified committee or individual directors.

Stockholder Proposals for Our 2006 Annual Meeting

Our Board will provide for presentation of proposals by our stockholders at the 2006 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.

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Stockholders intending to submit proposals for presentation at our 2006 Annual Meeting of Stockholders, scheduled to be held in May 2006, must submit their proposals in writing, and we must receive these proposals at our executive offices not earlier than December 31, 2005 nor later than January 29, 2006 for inclusion in our proxy statement and the form of proxy relating to our 2006 Annual Meeting. 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 January 29, 2006 for inclusion in our proxy materials for our 2006 Annual Meeting of Stockholders.

Under the Company's Bylaws, in order for a stockholder to nominate a candidate for director, timely notice of the nomination must be received by the Company in advance of the meeting. Ordinarily, such notice must be received not less than 90 and no more than 120 days before the first anniversary of the date of the mailing of the notice for the preceding year's Annual Meeting. 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 the Company's 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; and