NEW YORK MORTGAGE TRUST INC
Form 424B5
January 06, 2014
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Registration No. 333-186017

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

Subject to Completion

Preliminary Prospectus Supplement, dated January 6, 2014

PROSPECTUS SUPPLEMENT

(To prospectus dated January 28, 2013)

10,000,000 Shares

Common Stock

This is a public offering of common stock of New York Mortgage Trust, Inc. We are selling 10,000,000 shares of common stock. Our common stock is listed on The Nasdaq Global Select Market, or Nasdaq, under the symbol NYMT. On January 3, 2014, the last reported sale price of our common stock was $7.08 per share.

To preserve our status as a real estate investment trust for federal income tax purposes, we impose restrictions on the ownership and transfer of our common stock. See Description of Common Stock Restrictions on Ownership and Transfer in the accompanying prospectus.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described under Risk Factors beginning on page S-6 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2012 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013 before making an investment decision.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public	Underwriting Discount and Commission	Proceeds to Us [1]
Per Share	$	$	$
Total	$	$	$

(1) Before deducting approximately $170,000 in expenses payable by us.

We have granted the underwriters an option to purchase a maximum of 1,500,000 additional shares of common stock from us at the public offering price, less the underwriting discount, within 30 days after the date of this prospectus supplement.

The underwriters expect to deliver the shares of common stock to investors in this offering on or about January , 2014.

Joint Bookrunners

UBS Investment Bank **Barclays** **Credit Suisse**

Co-Lead Managers

Keefe, Bruyette & Woods **RBC Capital Markets**

A Stifel Company

The date of this prospectus supplement is January , 2014.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer of the common stock covered by this prospectus supplement and the accompanying prospectus in any jurisdiction where the offer thereof is not permitted.

You should assume that the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our

business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of the offering, and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. Before you buy any shares of our common stock, it is important for you to read and consider the information contained in this prospectus supplement and the accompanying prospectus together with additional information described under the headings Incorporation by Reference of Information Filed with the SEC and Where You Can Find More Information.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

In this prospectus supplement, we refer to New York Mortgage Trust, Inc., together with its consolidated subsidiaries, as we, us, the Company, or our, unless we specifically state otherwise or the context indicates otherwise. In addition, the following defines certain of the commonly used terms in this prospectus supplement.

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

Agency IOs refers to IOs that represent the right to the interest components of the cash flow from a pool of mortgage loans issued or guaranteed by a GSE or an agency of the U.S. government;

Agency RMBS refers to RMBS representing interests in or obligations backed by pools of residential mortgage loans issued or guaranteed by a federally chartered corporation, such as the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac and together with Fannie Mae, the GSEs), or an agency of the U.S. government, such as the Government National Mortgage Association (Ginnie Mae);

ARMs refers to adjustable-rate residential mortgage loans;

CMBS refers to commercial mortgage-backed securities comprised of commercial mortgage pass-through securities, as well as IO or PO securities that represent the right to a specific component of the cash flow from a pool of commercial mortgage loans;

CLO refers to collateralized loan obligations;

Consolidated K-Series refers to five separate Freddie-Mac sponsored multi-family loan K-Series securitizations, of which we, or one of our special purpose entities, own the first loss principal only securities and certain IOs issued by the securitizations;

distressed residential loans refers to pools of performing, re-performing and to a lesser extent non-performing, fixed-rate and adjustable-rate, fully amortizing, interest-only and balloon, seasoned mortgage loans secured by first liens on one- to four-family properties;

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

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

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

prime ARM loans refers to prime credit quality residential ARM loans held in securitization trusts; and

RMBS refers to residential mortgage-backed securities that are adjustable-rate, hybrid adjustable-rate, fixed-rate, interest only and inverse interest only or principal only securities.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. The following factors are examples of those factors that could cause actual results to vary from our forward-looking statements: changes in interest rates and the market value of our securities; the impact of the downgrade of the long-term credit ratings of the United States, Fannie Mae, Freddie Mac and Ginnie Mae; market volatility; changes in the prepayment rates on the mortgage loans underlying our investment securities; increased rates of default and/or decreased recovery rates on our assets; our ability to borrow to finance our assets; changes in government laws, regulations or policies affecting our business; our ability to maintain our qualification as a real estate investment trust for federal tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended; and risks associated with investing in real estate assets, including changes in business conditions and the general economy. These and other risks, uncertainties and factors, including the risk factors described below and in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012, as updated by those risk factors included in our subsequent filings under the Exchange Act, could cause our actual results to differ materially from those projected in any forward-looking statements we make. All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. Because this is a summary, it may not contain all of the information that is important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors and the documents incorporated by reference herein, before making an investment decision.

We are a real estate investment trust, or REIT, in the business of acquiring, investing in, financing and managing primarily mortgage-related assets and, to a lesser extent, financial assets. Our objective is to manage a portfolio of investments that will deliver stable distributions to stockholders over diverse economic conditions. We intend to achieve this objective through a combination of net interest margin and net realized capital gains from our investment portfolio. Our portfolio includes certain credit sensitive assets and investments sourced from distressed markets in recent years that create the potential for capital gains, as well as more traditional types of mortgage-related investments that generate interest income.

Under our investment strategy, our targeted assets currently include multi-family CMBS, direct financing to owners of multi-family properties generally through mezzanine and preferred equity investments, residential mortgage loans, including loans sourced from distressed markets, and Agency RMBS. Subject to maintaining our qualification as a REIT, we also may opportunistically acquire and manage various other types of mortgage-related assets and financial assets that we believe will compensate us appropriately for the risks associated with them, including, without limitation, non-Agency RMBS (which may include IOs and POs), collateralized mortgage obligations and securities issued by newly originated residential securitizations, including credit sensitive securities from these securitizations.

We strive to maintain and achieve a balanced and diverse funding mix to finance our assets and operations. To this end, we rely primarily on a combination of short-term borrowings, such as repurchase agreements with terms typically of 30 days, and longer term structured financings, such as securitization and resecuritization transactions, with terms longer than one year.

We internally manage a certain portion of our portfolio, including Agency ARMs, Agency fixed-rate RMBS, non-Agency RMBS, CLOs and certain residential mortgage loans held in securitization trusts. In addition, as part of our investment strategy, we also contract with certain external investment managers to manage specific asset types targeted by us. We are a party to separate investment management agreements with Headlands Asset Management, LLC, or Headlands, RiverBanc, LLC, or RiverBanc, and The Midway Group, L.P., or Midway, with Headlands providing investment management services with respect to our investments in certain distressed residential loans, RiverBanc providing investment management services with respect to our investments in multi-family CMBS and certain commercial real estate-related debt investments, and Midway providing investment management services with respect to our investments in Agency IOs.

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

Our principal executive offices are located at 275 Madison Avenue, Suite 3200, New York, New York 10016, and our telephone number is (212) 792-0107. Our website address is www.nymtrust.com. Our website and the information contained at or connected to our website do not constitute a part of this prospectus supplement or the accompanying prospectus.

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Recent Developments

Fourth Quarter 2013 Dividends

On December 10, 2013, our Board of Directors declared a regular quarterly cash dividend of $0.27 per share on shares of our common stock for the quarter ended December 31, 2013. The dividend is payable on January 27, 2014 to our common stockholders of record as of December 20, 2013. Shares of common stock purchased in this offering will not receive this dividend.

Also on December 10, 2013, in accordance with the terms of our 7.75% Series B Cumulative Redeemable Preferred Stock (our Series B Preferred Stock), our Board of Directors declared a Series B Preferred Stock cash dividend of $0.484375 per share of Series B Preferred Stock for the quarterly period beginning October 15, 2013 and ending on January 14, 2014. This dividend is payable on January 15, 2014 to holders of record of our Series B Preferred Stock as of January 1, 2014.

U.S. Federal Reserve Announces Commencement of Tapering under QE3

Historical market prices for our targeted assets have been affected by the U.S. Federal Reserve s quantitative easing programs. Previously, the U.S. Federal Reserve s quantitative easing program, which is referred to as QE3, involved the purchase by the U.S. Federal Reserve of Agency RMBS at a pace of $40 billion per month and longer-term U.S. Treasury securities at a pace of $45 billion per month, as well as the reinvestment of principal payments from its holdings of Agency debt and Agency RMBS in Agency RMBS and the rolling over of maturing U.S. Treasury securities at auction.

On December 18, 2013, however, the U.S. Federal Reserve announced that beginning in January 2014 it would begin to taper its asset purchases under QE3 by $10 billion (to a pace of $35 billion of Agency RMBS purchases per month and $40 billion of longer-term U.S. Treasury security purchases per month). The U.S. Federal Reserve also announced that it will closely monitor incoming information on economic and financial developments in coming months and that if incoming information broadly supports the U.S. Federal Reserve s expectation of ongoing improvement in labor market conditions and inflation moving back toward its longer-run objective, the U.S. Federal Reserve will likely reduce its pace of asset purchases in further measured steps at future meetings of the Federal Open Market Committee.

One noticeable effect of the asset purchases under QE3 was an increase in the prices of Agency RMBS, although prices have declined some in recent months due to speculation that the U.S. Federal Reserve would commence tapering under QE3. However, as the U.S. Federal Reserve winds down its asset purchases under QE3, we would expect that the effect of such tapering would be a reduction in demand for Agency RMBS and, consequently, that the pricing of Agency RMBS and certain other mortgage-related assets may decline further and interest rates may rise higher over time due to such reduction in demand than if the U.S. Federal Reserve had maintained its asset purchases under QE3 at recent levels. Because the U.S Federal Reserve has acknowledged that there is no preset course for asset purchases under QE3, it is difficult to quantify the ultimate impact to us of the end of the U.S. Federal Reserve s quantitative easing programs, as there are many factors simultaneously at work that affect the price of our assets and, therefore, our yield and book value. We continue to believe that the greatest risk of these asset purchase programs may be that if the U.S. Government elects to sell significant portions of its Agency RMBS portfolio, meaningful price declines may result.

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THE OFFERING

Common Stock Offered	10,000,000 shares
Shares Outstanding After the Offering[(1)]	74,102,029 shares
Use of Proceeds	We intend to use a majority of the net proceeds of this offering to acquire distressed residential loans and the remainder of the net proceeds to invest in multi-family CMBS, mezzanine loans to and preferred equity investments in owners of multi-family properties and certain of our other targeted assets. We may also use a portion of the net proceeds for general working capital purposes, including the repayment of indebtedness. See Use of Proceeds.
Listing	Our common stock is listed on Nasdaq under the symbol NYMT.
Ownership Restrictions	Our charter provides that generally no person may own, or be deemed to own by virtue of the attribution provisions of the Code, either (i) more than 9.9% in value of the aggregate of our outstanding shares of capital stock or (ii) more than 9.9% in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of common stock. Our Board of Directors has discretion to grant exemptions from the 9.9% ownership limitations, subject to such terms and conditions as it deems appropriate. These restrictions on ownership of our common stock and capital stock are intended to, among other purposes, assist us in preserving our qualification as a REIT for federal income tax purposes. See Description Of Common Stock Restrictions on Ownership and Transfer and Material Federal Income Tax Considerations in the accompanying prospectus.
Risk Factors	An investment in our common stock is subject to a high degree of risk. Please refer to Risk Factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before investing in shares of our common stock.

(1) Assumes no exercise of the underwriters option to purchase additional shares of common stock. Based on 64,102,029 shares of common stock outstanding as of January 3, 2014. Includes 347,299 shares of common stock issued in the fourth quarter of 2013 pursuant to our at the market offering program at an average price to the public of $6.85 per share and resulting in net proceeds to us of approximately $2.3 million.

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RISK FACTORS

Investing in our shares of common stock involves a high degree of risk. Please see the risks described under the caption Risk Factors beginning on page 20 of our Annual Report on Form 10-K for the year ended December 31, 2012 and in Part II, Item 1A. of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013. Such risks are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect us and the market value of our common stock. The risks described could affect our business, financial condition, liquidity, results of operations and the market value of our common stock. In such a case, you may lose all or part of your original investment. You should carefully consider the risks described in these reports, as well as other information and data set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein before making an investment decision with respect to the shares of our common stock.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full), in each case, after deducting the underwriting discount and commission, as well as estimated offering expenses of approximately $170,000 payable by us.

We intend to use a majority of the net proceeds of this offering to acquire distressed residential loans and the remainder of the net proceeds to invest in multi-family CMBS, mezzanine loans to and preferred equity investments in owners of multi-family properties and certain of our other targeted assets. We may also use a portion of the net proceeds for general working capital purposes, including the repayment of indebtedness.

Pending these uses, we intend to maintain the net offering proceeds in interest-bearing, short-term, marketable investment grade securities or money market accounts or (interest or non-interest bearing) checking (or escrow) accounts that are consistent with our intention to maintain our qualification as a REIT. These investments may include, for example, government securities other than agency securities, certificates of deposit and interest-bearing bank deposits. These investments are expected to provide a lower net return than we will seek to achieve from our targeted assets.

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ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of additional federal tax considerations with respect to the ownership of our stock. This summary supplements and, where applicable, supersedes the discussion under Material Federal Income Tax Considerations in the accompanying prospectus, and should be read together with such discussion.

Recent Legislation

The highest marginal individual income tax rate on ordinary income is 39.6%.

Withholding

As referenced in the accompanying prospectus under the captions Material Federal Income Tax Considerations Taxation of Non-U.S. Stockholders Distributions and Information Reporting Requirements and Withholding, U.S. withholding tax at a rate of 30% will be imposed on dividends paid on our stock after December 31, 2013 to U.S. stockholders that hold our stock through foreign accounts or intermediaries if certain disclosure requirements related to U.S. accounts are not satisfied and certain non-U.S. stockholders if certain disclosure requirements related to U.S. ownership are not satisfied. The effective date of the imposition of this U.S. withholding tax has been extended to payments after June 30, 2014.

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DIVIDEND POLICY

We intend to pay quarterly dividends and to make distributions to our common stockholders in amounts such that all or substantially all of our REIT taxable income in each year, subject to certain adjustments, is distributed. We have not, however, established a minimum dividend payment level for shares of our common stock. All distributions to holders of our common stock will be made at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our REIT qualification and such other factors as our Board of Directors may deem relevant from time to time. There are no assurances of our ability to pay dividends in the future at the current rate or at all. See Risk Factors.

The following table sets forth the cash dividends declared per share of common stock during each fiscal quarter since January 1, 2010.

	Cash Dividends Declared Per Share of Common Stock
2013	
Fourth Quarter	$0.27
Third Quarter	$0.27
Second Quarter	$0.27
First Quarter	$0.27
2012	
Fourth Quarter	$0.27
Third Quarter	$0.27
Second Quarter	$0.27
First Quarter	$0.25
2011	
Fourth Quarter	$0.35
Third Quarter	$0.25
Second Quarter	$0.22
First Quarter	$0.18
2010	
Fourth Quarter	$0.18
Third Quarter	$0.18
Second Quarter	$0.18
First Quarter	$0.25

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and total capitalization as of September 30, 2013 (1) on an actual basis and (2) on an as-adjusted basis to give effect to the consummation of this offering. This table should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our condensed consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement.

	As of September 30, 2013	
	Actual	As Adjusted(1)
Cash and cash equivalents	$ 20,509	$
Debt:		
Financing arrangements, portfolio investments	$ 794,181	$ 794,181
Residential collateralized debt obligations(2)	164,775	164,775
Multi-family collateralized debt obligations, at fair value(3)	6,472,278	6,472,278
Securitized debt	254,042	254,042
Subordinated debentures	45,000	45,000
Total debt	$ 7,730,276	$ 7,730,276
Stockholders equity		
Preferred stock, $0.01 par value, 7.75% Series B cumulative redeemable, $25 liquidation preference per share, 3,450,000 shares authorized, 3,000,000 shares issued and outstanding actual, and 3,000,000 issued and outstanding as adjusted	$ 72,397	$ 72,397
Common stock, $0.01 par value, 400,000,000 shares authorized, 63,754,730 shares issued and outstanding actual, and 73,754,730 shares issued and outstanding as adjusted	638	738
Additional paid-in capital	403,420	
Accumulated other comprehensive income	7,144	7,144
Accumulated deficit	(5,916)	(5,916)
Total stockholders equity	$ 477,683	$
Total capitalization	$ 8,207,959	$

(1) The as-adjusted amount reflects the net proceeds to us from the sale of 10,000,000 shares of common stock in this offering at a net price of $ per share, and the receipt of the total estimated net proceeds of approximately $ million, after deducting the underwriting discount and commission and estimated offering expenses payable by us (assuming no exercise of the underwriters option to purchase additional shares). Excludes 347,299 shares of common stock issued in the fourth quarter of 2013 pursuant to our at the market offering program resulting in net proceeds to us of approximately $2.3 million.

(2) The residential collateralized debt obligations (Residential CDO) permanently finance our residential mortgage loans held in securitization trusts. For financial reporting purposes, the ARM loans held as collateral in the securitization trusts are recorded as our assets and the Residential CDO is recorded as our debt. We completed four securitizations collectively in 2005 and 2006, the first three of which were accounted for as a permanent financing and the fourth of which was accounted for as a sale and, accordingly, not included in our financial statements. We had a net equity investment of approximately $6.9 million in these residential securitization trusts as of September 30, 2013.

(3) Multi-family collateralized debt obligations, at fair value, or Multi-Family CDOs, are comprised of Multi-Family CDOs that permanently finance the multi-family mortgage loans held in the Consolidated K-Series. The Consolidated K-Series collectively represents five separate Freddie-Mac sponsored multi-family loan K-Series securitizations, of which we, or one of our special purpose entities, or SPEs, own the first loss PO securities and certain IO securities. As of September 30, 2013, we owned 100% of the first loss securities and certain IO securities of the Consolidated K-Series. We determined that the Consolidated K-Series were VIEs and that we are the primary beneficiary of the Consolidated K-Series. As a result, we are required to consolidate the Consolidated K-Series underlying multi-family loans including their liabilities, interest income and expense in our consolidated financial statements. As of September 30, 2013, we had a net

investment in the Consolidated K-Series of approximately $196.3 million.

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UNDERWRITING

In accordance with the terms and conditions contained in the underwriting agreement, we have agreed to sell to each of the underwriters named below, and each of the underwriters, for which UBS Securities LLC, Barclays Capital Inc. and Credit Suisse Securities (USA) LLC are acting as the representatives, has, severally, and not jointly, agreed to purchase from us on a firm commitment basis the shares offered in this offering set forth opposite its respective name below:

Underwriter	Number of Shares
UBS Securities LLC	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
Keefe, Bruyette & Woods, Inc.	
RBC Capital Markets, LLC	
Total	10,000,000

We have been advised by the representatives of the underwriters that the underwriters propose to offer the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement. Any shares sold by the underwriters to securities dealers will be sold at the public offering price less a selling concession not in excess of $ per share.

The underwriting agreement provides that the underwriters obligations to purchase the shares are subject to conditions contained in the underwriting agreement. The underwriters are obligated to purchase and pay for all of the shares offered by this prospectus supplement other than those covered by the option to purchase additional shares, if any of these securities are purchased.

Underwriting Discount

The following table summarizes the underwriting discount to be paid to the underwriters by us.

	Total, Without Option Exercise	Total, With Full Option Exercise
Underwriting discount to be paid to the underwriters by us for the shares	$	$

We have agreed to reimburse the underwriters for their expenses in an amount of up to $10,000, which may be incurred in connection with the review by Financial Industry Regulatory Authority, Inc. of the terms of the shares offered hereby. We estimate that our portion of the total expenses of this offering, exclusive of the underwriting discount, will be approximately $170,000.

Option to Purchase Additional Shares

We have granted to the underwriters an option, exercisable not later than 30 days after the date of this prospectus supplement, to purchase up to 1,500,000 shares at the public offering price, less the underwriting discount, set forth on the cover page of this prospectus supplement. If any additional shares are purchased pursuant to this option, the underwriters will offer these additional shares on the same terms as those on which the other shares are being offered hereby.

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Lock-Ups

We have agreed that we will not directly or indirectly, issue, sell, offer, agree to sell, contract or grant any option to sell (including, without limitation, pursuant to any short sale), pledge, make any short sale of, maintain any short position with respect to, transfer, establish or maintain an open put equivalent position within the meaning of Rule 16a-1(h) under the Exchange Act, enter into any swap, derivative transaction or other arrangement (whether such transaction is to be settled by delivery of our common stock, other securities, cash or other consideration) that transfers to another, in whole or in part, any of the economic consequences of ownership, or otherwise dispose of any shares of our common stock, options or warrants to acquire shares of our common stock, or securities exchangeable or exercisable for or convertible into shares of our common stock, or publicly disclose the intention to take any such action, without, in each case, the prior written consent of the representatives for a period of 30 days after the date of this prospectus supplement. However, we may, during this 30-day lock-up period, grant shares of common stock or options to purchase shares of our common stock to our directors, officers, employees and consultants in the ordinary course under our existing 2010 Stock Incentive Plan**.**

Each of our directors and executive officers has agreed that they will not sell or offer or contract to sell or offer, grant any option or warrant for the sale of, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of any legal or beneficial interest in any shares of our common stock, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 30 days after the date of this prospectus supplement. However, each of our directors and executive officers may transfer or dispose of our shares during this 30-day lock-up period, provided, that (i) such transfer shall not involve a disposition for value, (ii) the transferee agrees to be bound in writing by the restrictions set forth in this paragraph for the remainder of the 30-day lock-up period prior to such transfer, and (iii) no filing by the transferor or transferee under the Exchange Act is required or voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the 30-day lock-up period).

Stabilization, Short Positions and Penalty Bids

The underwriters may engage in over-allotment, syndicate covering transactions, stabilizing transactions and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of our common stock:

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by an underwriter is not greater than the number of shares that it may purchase in the option granted to the underwriters to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in the option granted to the underwriters to purchase additional shares. An underwriter may close out any short position by exercising its option, in whole or in part, or by purchasing shares in the open market.

Syndicate covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of securities needed to close out the short position, the representatives will consider, among other things, the price of the securities available for purchase in the open market as compared to the price at which it may purchase the securities through the option granted to the underwriters to purchase additional shares. If the underwriters sell more securities than could be covered by the option granted to the underwriters to purchase additional shares, which would constitute a naked short position, the position can only be closed out by buying securities in the open market. A naked short position is more likely to be created if the representative is concerned that there could be downward pressure on the price of the securities in the open market after pricing that could adversely affect investors who purchase in the offering.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specific maximum.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the securities originally sold by the syndicate member are purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These syndicate covering transactions, stabilizing transactions and penalty bids may have the effect of raising or maintaining the market prices of our securities or preventing or retarding a decline in the market prices of our securities. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on Nasdaq, in the over-the-counter market or on any trading market and, if commenced, may be discontinued at any time.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of our securities. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these stabilizing transactions or that any transactions, once commenced, will not be discontinued without notice.

Affiliates of certain of the underwriters have been, may be, or are counterparties under one or more of our repurchase agreements, and we have entered into interest rate swaps with affiliates of certain of the underwriters. In addition, the underwriters and their affiliates have been, may be, or are lenders to, and counterparties in securities, derivatives and other trading activities with, certain of our affiliates and us and in the ordinary course of their business activities, the underwriters and their affiliates may hold or trade securities of ours or our affiliates. In conjunction with services that affiliates of the underwriters have provided, may provide or are providing to us and our affiliates, commercial disputes may arise. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, commercial banking, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates for which they have received, or may in the future receive, customary fees and commissions. We are a party to a master repurchase agreement with each of Barclays Capital Inc. and Credit Suisse Securities (USA) LLC or their affiliates and an international swaps and derivatives contract with Credit Suisse Securities (USA) LLC or its affiliates pursuant to which each of Barclays Capital Inc. and Credit Suisse Securities (USA) LLC or their affiliates may receive customary fees and expenses. As of September 30, 2013, we had approximately $43.0 million of borrowings outstanding under our master repurchase agreement with Barclays Capital Inc. and approximately $81.9 million of borrowings and approximately $345.0 million of notional amounts outstanding under these agreements with Credit Suisse Securities (USA) LLC or its affiliates.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make with respect to any of these liabilities.

This prospectus supplement and the accompanying prospectus in electronic format may be made available on websites maintained by the underwriters or selling group members, and the underwriters or selling group members may distribute the prospectus supplement and accompanying prospectus electronically.

Nasdaq Listing

The shares are listed on Nasdaq under the symbol NYMT.

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Selling Restrictions

Notice to Prospective Investor in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a pros