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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ___________ to ___________

Commission file number 001-35151

AG MORTGAGE INVESTMENT TRUST, INC.

Maryland	**27-5254382**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
245 Park Avenue, 26th Floor New York, New York	**10167**
(Address of Principal Executive Offices)	(Zip Code)

(212) 692-2000
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 and Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer ☐ Accelerated filer ☒ Non-Accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbols:	Name of each exchange on which registered:
Common Stock, $0.01 par value per share	MITT	New York Stock Exchange (NYSE)
8.25% Series A Cumulative Redeemable Preferred Stock	MITT PrA	New York Stock Exchange (NYSE)
8.00% Series B Cumulative Redeemable Preferred Stock	MITT PrB	New York Stock Exchange (NYSE)

As of April 23, 2019, there were 32,709,397 outstanding shares of common stock of AG Mortgage Investment Trust, Inc.

AG MORTGAGE INVESTMENT TRUST, INC.
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PART I

ITEM 1. FINANCIAL STATEMENTS

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Balance Sheets (Unaudited)
(in thousands, except per share data)

	March 31, 2019	December 31, 2018
Assets		
Real estate securities, at fair value:		
Agency - $2,240,880 and $1,934,562 pledged as collateral, respectively	$ 2,287,981	$ 1,988,280
Non-Agency - $640,396 and $605,243 pledged as collateral, respectively (1)	659,340	625,350
ABS - $12,594 and $13,346 pledged as collateral, respectively	20,199	21,160
CMBS - $266,689 and $248,355 pledged as collateral, respectively	276,403	261,385
Residential mortgage loans, at fair value - $117,830 and $99,283 pledged as collateral, respectively	202,047	186,096
Commercial loans, at fair value - $2,467 and $- pledged as collateral, respectively	110,223	98,574
Single-family rental properties, net	137,886	138,678
Investments in debt and equity of affiliates	102,099	84,892
Excess mortgage servicing rights, at fair value	24,301	26,650
Cash and cash equivalents	50,779	31,579
Restricted cash	37,266	52,779
Other assets	98,617	33,503
Total Assets	$ 4,007,141	$ 3,548,926
Liabilities		
Financing arrangements, net	$ 3,214,909	$ 2,822,505
Securitized debt, at fair value	10,515	10,858
Dividend payable	16,352	14,372
Other liabilities	33,729	45,180
Total Liabilities	3,275,505	2,892,915
Commitments and Contingencies (Note 14)		
Stockholders' Equity		
Preferred stock - $0.01 par value; 50,000 shares authorized:		
8.25% Series A Cumulative Redeemable Preferred Stock, 2,070 shares issued and outstanding ($51,750 aggregate liquidation preference)	49,921	49,921
8.00% Series B Cumulative Redeemable Preferred Stock, 4,600 shares issued and outstanding ($115,000 aggregate liquidation preference)	111,293	111,293
Common stock, par value $0.01 per share; 450,000 shares of common stock authorized and 32,703 and 28,744 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	327	287
Additional paid-in capital	661,561	595,412
Retained earnings/(deficit)	(91,466)	(100,902)
Total Stockholders' Equity	731,636	656,011
Total Liabilities & Stockholders' Equity	$ 4,007,141	$ 3,548,926

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

(1) See Note 3 for details related to variable interest entities.

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Operations (Unaudited)
(in thousands, except per share data)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net Interest Income		
Interest income	$ 41,490	$ 39,357
Interest expense	23,341	15,326
Total Net Interest Income	18,149	24,031
Other Income/(Loss)		
Rental income	3,397	—
Net realized gain/(loss)	(20,610)	(11,839)
Net interest component of interest rate swaps	1,781	(1,470)

Unrealized gain/(loss) on real estate securities and loans, net	46,753	(36,155)
Unrealized gain/(loss) on derivative and other instruments, net	(10,086)	37,090
Other income	596	—
Total Other Income/(Loss)	21,831	(12,374)
Expenses		
Management fee to affiliate	2,345	2,439
Other operating expenses	3,830	3,223
Equity based compensation to affiliate	126	51
Excise tax	92	375
Servicing fees	371	62
Property depreciation and amortization	1,447	—
Property operating expenses	1,843	—
Total Expenses	10,054	6,150
Income/(loss) before equity in earnings/(loss) from affiliates	29,926	5,507
Equity in earnings/(loss) from affiliates	(771)	2,740
Net Income/(Loss)	29,155	8,247
Dividends on preferred stock	3,367	3,367
Net Income/(Loss) Available to Common Stockholders	$ 25,788	$ 4,880
Earnings/(Loss) Per Share of Common Stock		
Basic	$ 0.84	$ 0.17
Diluted	$ 0.84	$ 0.17
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	30,551	28,196
Diluted	30,581	28,217

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

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands)

	Common Stock		8.25 % Series A Cumulative Redeemable Preferred Stock	8.00 % Series B Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Total
	Shares	Amount					
Balance at January 1, 2018	28,193	$ 282	$ 49,921	$ 111,293	$ 585,530	$ (32,767)	$ 714,259
Net proceeds from issuance of common stock	—	—	—	—	(63)	—	(63)
Grant of restricted stock and amortization of equity based compensation	3	—	—	—	143	—	143
Common dividends declared	—	—	—	—	—	(13,393)	(13,393)
Preferred Series A dividends declared	—	—	—	—	—	(1,067)	(1,067)
Preferred Series B dividends declared	—	—	—	—	—	(2,300)	(2,300)
Net Income/(Loss)	—	—	—	—	—	8,247	8,247
Balance at March 31, 2018	28,196	$ 282	$ 49,921	$ 111,293	$ 585,610	$ (41,280)	$ 705,826
Balance at January 1, 2019	28,744	$ 287	$ 49,921	$ 111,293	$ 595,412	$ (100,902)	$ 656,011
Net proceeds from issuance of common stock	3,953	40	—	—	65,924	—	65,964
Grant of restricted stock and amortization of equity based compensation	6	—	—	—	225	—	225
Common dividends declared	—	—	—	—	—	(16,352)	(16,352)
Preferred Series A dividends declared	—	—	—	—	—	(1,067)	(1,067)
Preferred Series B dividends declared	—	—	—	—	—	(2,300)	(2,300)
Net Income/(Loss)	—	—	—	—	—	29,155	29,155
Balance at March 31, 2019	32,703	$ 327	$ 49,921	$ 111,293	$ 661,561	$ (91,466)	$ 731,636

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

AG Mortgage Investment Trust, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash Flows from Operating Activities		
Net income/(loss)	$ 29,155	$ 8,247
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:		
Net amortization of premium/(discount)	(1,656)	(959)
Net realized (gain)/loss	20,610	11,839
Unrealized (gain)/loss on real estate securities and loans, net	(46,753)	36,155
Unrealized (gain)/loss on derivative and other instruments, net	10,086	(37,090)
Property depreciation and amortization	1,447	—
Equity based compensation to affiliate	126	51
Equity based compensation expense	99	92
(Income)/loss from investments in debt and equity of affiliates in excess of distributions received	1,635	2,127
Change in operating assets/liabilities:		
Other assets	(1,025)	(152)
Other liabilities	(4,004)	4,542
Net cash provided by (used in) operating activities	9,720	24,852
Cash Flows from Investing Activities		
Purchase of real estate securities	(645,249)	(686,020)
Purchase of residential mortgage loans	(19,745)	—
Origination of commercial loans	(11,748)	—
Purchase of commercial loans	(10,118)	—
Purchase of U.S. Treasury securities	—	(249,659)
Purchase of excess mortgage servicing rights	—	(7,604)
Investments in debt and equity of affiliates	(20,734)	(39,216)
Proceeds from sales of real estate securities	213,027	728,366
Proceeds from sales of residential mortgage loans	75	—
Proceeds from sales of U.S. treasury securities	—	249,227
Principal repayments/return of basis on real estate securities and excess mortgage servicing rights	63,995	112,743
Principal repayments on commercial loans	10,471	—
Principal repayments on residential mortgage loans	4,007	183
Distributions received in excess of income from investments in debt and equity of affiliates	1,893	6,460
Net proceeds from/(payments made) on reverse repurchase agreements	11,487	24,695
Net proceeds from/(payments made) on sales of securities borrowed under reverse repurchase agreements	(11,437)	(24,032)
Net settlement of interest rate swaps and other instruments	(31,268)	6,504
Net settlement of TBAs	(431)	373
Cash flows provided by/(used in) other investing activities	(1,151)	1,224
Net cash provided by/(used in) investing activities	(446,926)	123,244
Cash Flows from Financing Activities		
Net proceeds from issuance of common stock	65,964	(63)
Borrowings under financing arrangements	10,167,128	13,806,248
Repayments of financing arrangements	(9,774,724)	(13,950,356)
Net collateral received from/(paid to) derivative counterparty	(599)	27,207
Net collateral received from/(paid to) repurchase counterparty	863	384
Dividends paid on common stock	(14,372)	(13,391)
Dividends paid on preferred stock	(3,367)	(3,367)
Net cash provided by/(used in) financing activities	440,893	(133,338)
Net change in cash, cash equivalents and restricted cash	3,687	14,758
Cash, cash equivalents, and restricted cash, Beginning of Period	84,358	52,815
Cash, cash equivalents, and restricted cash, End of Period	$ 88,045	$ 67,573

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Supplemental disclosure of cash flow information:		
Cash paid for interest on financing arrangements	$ 24,847	$ 14,513
Cash paid for excise and income taxes	$ 1,396	$ 1,379
Supplemental disclosure of non-cash financing and investing activities:		
Receivable on unsettled trades	$ 68,389	$ 104,654
Payable on unsettled trades	$ —	$ 117,356
Principal repayments on real estate securities not yet received	$ —	$ 1,018
Common stock dividends declared but not paid	$ 16,352	$ 13,393
Decrease in securitized debt	$ 317	$ 994
Transfer from residential mortgage loans to other assets	$ 628	$ —
Transfer from non-agency to investments in debt and equity of affiliates	$ —	$ 44,970
Transfer from financing arrangements to investments in debt and equity of affiliates	$ —	$ 33,720

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	March 31, 2019	March 31, 2018
Cash and cash equivalents	$ 50,779	$ 25,294
Restricted cash	37,266	42,279
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 88,045	$ 67,573

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

1. Organization

AG Mortgage Investment Trust, Inc. (the "Company") was incorporated in the state of Maryland on March 1, 2011. The Company is a hybrid mortgage REIT that opportunistically invests in a diversified portfolio of residential mortgage-backed securities, or RMBS, residential and commercial mortgage assets, financial assets and real estate. RMBS include securities issued or guaranteed by a U.S. government-sponsored entity such as Fannie Mae or Freddie Mac (collectively, "GSEs"), or any agency of the U.S. Government such as Ginnie Mae (collectively, "Agency RMBS"). Residential and commercial mortgage assets, financial assets and real estate include Non-Agency RMBS, ABS, CMBS, excess mortgage servicing rights ("Excess MSRs"), loans, and single-family rental properties, each as described below.

Non-Agency RMBS represent fixed- and floating-rate RMBS issued by entities or organizations other than a GSE or agency of the U.S. government, including investment grade (AAA through BBB) and non-investment grade classes (BB and below). The mortgage loan collateral for Non-Agency RMBS consists of residential mortgage loans that do not generally conform to underwriting guidelines issued by U.S. government agencies or U.S. government-sponsored entities.

Asset Backed Securities ("ABS") are securitized investments for which the underlying assets are diverse, not only representing real estate related assets.

Commercial Mortgage Backed Securities ("CMBS") represent investments of fixed- and floating-rate CMBS, including investment grade (AAA through BBB) and non-investment grade classes (BB and below), secured by, or evidencing an ownership interest in, a single commercial mortgage loan or a pool of commercial mortgage loans.

Collectively, the Company refers to Agency RMBS, Non-Agency RMBS, ABS and CMBS asset types as "real estate securities" or "securities."

Commercial loans are secured by an interest in commercial real estate and represent a contractual right to receive money on demand or on fixed or determinable dates. Residential mortgage loans refer to performing, re-performing and non-performing loans secured by a first lien mortgage on residential mortgaged property located in any of the 50 states of the United States or in the District of Columbia. The Company refers to its residential and commercial mortgage loans as "mortgage loans" or "loans."

Single-family rental properties represent equity interests in residential properties held for the purpose of owning, leasing, and operating as single-family rental properties.

The Company conducts its business through the following segments: (i) Securities and Loans and (ii) Single-Family Rental Properties.

The Company is externally managed by AG REIT Management, LLC, a Delaware limited liability company (the "Manager"), a wholly-owned subsidiary of Angelo, Gordon & Co., L.P. ("Angelo Gordon"), a privately-held, SEC-registered investment adviser, pursuant to a management agreement. The Manager, pursuant to a delegation agreement dated as of June 29, 2011, has delegated to Angelo Gordon the overall responsibility of its day-to-day duties and obligations arising under the management agreement.

The Company conducts its operations to qualify and be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code").

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

2. Summary of significant accounting policies

The accompanying unaudited consolidated financial statements and related notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial reporting and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Certain prior period amounts have been reclassified to conform to the current period's presentation. In the opinion of management, all adjustments considered necessary for a fair statement of the Company's financial position, results of operations and cash flows have been included for the interim period and are of a normal and recurring nature. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

Cash and cash equivalents

Cash is comprised of cash on deposit with financial institutions. The Company classifies highly liquid investments with original maturities of three months or less from the date of purchase as cash equivalents. Cash equivalents includes cash invested in money market funds. As of March 31, 2019 and December 31, 2018, the Company held $35.9 million and $0.6 million, respectively, of cash equivalents. The Company places its cash with high credit quality institutions to minimize credit risk exposure. Cash pledged to the Company as collateral is unrestricted in use and, accordingly, is included as a component of "Cash and cash equivalents" on the consolidated balance sheets. Any cash held by the Company as collateral is included in the "Other liabilities" line item on the consolidated balance sheets and in cash flows from financing activities on the consolidated statement of cash flows. Due to broker, which is included in the "Other liabilities" line item on the consolidated balance sheets, does not include variation margin received on centrally cleared derivatives. See Note 9 for more detail. Any cash due to the Company in the form of principal payments is included in the "Other assets" line item on the consolidated balance sheets and in cash flows from operating activities on the consolidated statement of cash flows.

Restricted cash

Restricted cash includes cash pledged as collateral for clearing and executing trades, derivatives, financing arrangements and security deposits. Restricted cash also includes cash deposited into accounts related to rent deposits and collections, security deposits, property taxes, insurance premiums, interest expenses, property management fees and capital expenditures. Restricted cash is not available to the Company for general corporate purposes. As of March 31, 2019 and December 31, 2018, the Company held $1.5 million and $1.3 million, respectively, of restricted cash related to security deposits. Restricted cash may be returned to the Company when the related collateral requirements are exceeded or at the maturity of the derivative or financing arrangement. Restricted cash is carried at cost, which approximates fair value. Restricted cash does not include variation margin pledged on centrally cleared derivatives. See Note 9 for more detail.

Offering costs

The Company has incurred offering costs in connection with common stock offerings and registration statements. Where applicable, the offering costs were paid out of the proceeds of the respective offerings. Offering costs in connection with common stock offerings and costs in connection with registration statements have been accounted for as a reduction of additional paid-in capital.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

Earnings/(Loss) per share

In accordance with the provisions of Accounting Standards Codification ("ASC") 260, "Earnings per Share," the Company calculates basic income/(loss) per share by dividing net income/(loss) available to common stockholders for the period by weighted-average shares of the Company's common stock outstanding for that period. Diluted income per share takes into account the effect of dilutive instruments, such as stock options, warrants, unvested restricted stock and unvested restricted stock units but uses the average share price for the period in determining the number of incremental shares that are to be added to the weighted-average number of shares outstanding. In periods in which the Company records a loss, potentially dilutive securities are excluded from the diluted loss per share calculation, as their effect on loss per share is anti-dilutive.

Valuation of financial instruments

The fair value of the financial instruments that the Company records at fair value will be determined by the Manager, subject to oversight of the Company's Board of Directors, and in accordance with ASC 820, "Fair Value Measurements and Disclosures." When possible, the Company determines fair value using independent data sources. ASC 820 establishes a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable.

The three levels of the hierarchy under ASC 820 are described below:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Prices determined using other significant observable inputs. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's assumptions about the factors that market participants would use in pricing an asset or liability, and would be based on the best information available.

Transfers between levels are assumed to occur at the beginning of the reporting period.

Accounting for real estate securities

Investments in real estate securities are recorded in accordance with ASC 320-10, "Investments – Debt and Equity Securities," ASC 325-40, "Beneficial Interests in Securitized Financial Assets," or ASC 310-30, "Loans and Debt Securities Acquired with Deteriorated Credit Quality." The Company has chosen to make a fair value election pursuant to ASC 825, "Financial Instruments" for its real estate securities portfolio. Real estate securities are recorded at fair market value on the consolidated balance sheets and the periodic change in fair market value is recorded in current period earnings on the consolidated statement of operations as a component of "Unrealized gain/(loss) on real estate securities and loans, net." Real estate securities acquired through securitizations are shown in the line item "Purchase of real estate securities" on the consolidated statement of cash flows.

These investments meet the requirements to be classified as available for sale under ASC 320-10-25 which requires the securities to be carried at fair value on the consolidated balance sheets with changes in fair value recorded to other comprehensive income, a component of stockholders' equity. Electing the fair value option allows the Company to record changes in fair value in the consolidated statement of operations, which, in management's view, more appropriately reflects the results of operations for a particular reporting period as all securities activities will be recorded in a similar manner.

When the Company purchases securities with evidence of credit deterioration since origination, it will analyze the securities to determine if the guidance found in ASC 310-30 is applicable.

The Company accounts for its securities under ASC 310 and ASC 325 and evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis. The determination of whether a security is other-than-temporarily impaired involves judgments and assumptions based on subjective and objective factors. When the fair value of a real estate security is less than its amortized cost at the balance sheet date, the security is considered impaired, and the impairment is designated as either "temporary" or "other-than-temporary."

When a real estate security is impaired, an OTTI is considered to have occurred if (i) the Company intends to sell the security (i.e., a decision has been made as of the reporting date) or (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If the Company intends to sell the security or if it is more likely than not that the Company will be required to sell the real estate security before recovery of its amortized cost basis, the entire amount of the impairment loss, if any, is recognized in earnings as a realized loss and the cost basis of the security is adjusted to its fair value. Additionally, for securities accounted for under ASC 325-40, an OTTI is deemed to have occurred when there is an adverse change in the expected cash flows to be received and the fair value of the security is less than its carrying amount. In determining whether an adverse change in cash flows occurred, the present value of the remaining cash flows, as estimated at the initial transaction date (or the last date previously revised), is compared to the present value of the expected cash flows at the current reporting date. The estimated cash flows reflect those a "market participant" would use and include observations of current information and events, and assumptions related to fluctuations in interest rates, prepayment speeds and the timing and amount of potential credit losses.

Cash flows are discounted at a rate equal to the current yield used to accrete interest income. Any resulting OTTI adjustments are reflected in the "Net realized gain/(loss)" line item on the consolidated statement of operations.

The determination as to whether an OTTI exists is subjective, given that such determination is based on information available at the time of assessment as well as the Company's estimate of the future performance and cash flow projections for the individual security. As a result, the timing and amount of an OTTI constitutes an accounting estimate that may change materially over time.

Increases in interest income may be recognized on a security on which the Company previously recorded an OTTI charge if the performance of such security subsequently improves.

Any remaining unrealized losses on securities at March 31, 2019 do not represent other than temporary impairment as the Company has the ability and intent to hold the securities to maturity or for a period of time sufficient for a forecasted market price recovery up to or above the amortized cost of the investment, and the Company is not required to sell the security for regulatory or other reasons. In addition, any unrealized losses on the Company's Agency RMBS accounted for under ASC 320 are not due to credit losses given their explicit guarantee of principal and interest by the GSEs, but rather are due to changes in interest rates and prepayment expectations. See Note 3 for a summary of OTTI charges recorded.

Sales of securities are driven by the Manager's portfolio management process. The Manager seeks to mitigate risks including those associated with prepayments, defaults, severities, amongst others and will opportunistically rotate the portfolio into securities with more favorable attributes. Strategies may also be employed to manage net capital gains, which need to be distributed for tax purposes.

Realized gains or losses on sales of securities, loans and derivatives are included in the "Net realized gain/(loss)" line item on the consolidated statement of operations. The cost of positions sold is calculated using a first in, first out, or FIFO, basis. Realized gains and losses are recorded in earnings at the time of disposition.

Accounting for residential and commercial mortgage loans

Investments in mortgage loans are recorded in accordance with ASC 310-10, "Receivables." At purchase, the Company may aggregate its mortgage loans into pools based on common risk characteristics. Once a pool of loans is assembled, its composition is maintained. The Company has chosen to make a fair value election pursuant to ASC 825 for its mortgage loan portfolio. Loans are recorded at fair market value on the consolidated balance sheets and any periodic change in fair market value will be recorded in current period earnings on the consolidated statement of operations as a component of "Unrealized gain/(loss) on real estate securities and loans, net."

The Company amortizes or accretes any premium or discount over the life of the loans utilizing the effective interest method. On at least a quarterly basis, the Company evaluates the collectability of both interest and principal on its loans to determine whether they are impaired. A loan or pool of loans is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. Income recognition is suspended for loans at the earlier of the date at which payments become 90-days past due or when, in the opinion of management, a full recovery of income and principal becomes doubtful. When the ultimate collectability of the principal of an impaired loan or pool of loans is in doubt, all payments are applied to principal under the cost recovery method. When the ultimate collectability of the principal of an impaired loan is not in doubt, contractual interest is recorded as interest income when received, under the cash basis method until an accrual is resumed when the loan becomes contractually current and performance is demonstrated to be resumed. A loan is written off when it is no longer realizable and/or legally discharged.

When the Company purchases mortgage loans with evidence of credit deterioration since origination and it determines that it is probable it will not collect all contractual cash flows on those loans, it will apply the guidance found in ASC 310-30. Mortgage loans that are delinquent 60 or more days are considered non-performing.

The Company updates its estimate of the cash flows expected to be collected on at least a quarterly basis for loans accounted for under ASC 310-30. In estimating these cash flows, there are a number of assumptions that will be subject to uncertainties and contingencies including both the rate and timing of principal and interest receipts, and assumptions of prepayments, repurchases, defaults and liquidations. If based on the most current information and events it is probable that there is a significant increase in cash flows previously expected to be collected or if actual cash flows are significantly greater than cash flows previously expected, the Company will recognize these changes prospectively through an adjustment of the loan's yield over its remaining life. The Company will adjust the amount of accretable yield by reclassification from the nonaccretable difference. The adjustment is accounted for as a change in estimate in conformity with ASC 250, "Accounting Changes and Error Corrections" with the amount of periodic accretion adjusted over the remaining life of the loan. Decreases in cash flows expected to be collected from previously projected cash flows, which includes all cash flows originally expected to be collected by the investor plus any additional cash flows expected to be collected arising from changes in estimate after acquisition, may be recognized as impairment. Increases in interest income may be recognized on a loan on which the Company previously recorded an OTTI charge if the performance of such loan subsequently improves.

Investments in debt and equity of affiliates

The Company's unconsolidated ownership interests in affiliates are accounted for using the equity method. A majority of the Company's investments held through affiliated entities are comprised of real estate securities, Excess MSRs, and loans. These types of investments may also be held directly by the Company. These entities have chosen to make a fair value election on their financial instruments pursuant to ASC 825; as such, the Company will treat these investments consistently with this election.

On December 9, 2015, the Company, alongside private funds under the management of Angelo Gordon, through AG Arc LLC, one of the Company's indirect subsidiaries ("AG Arc"), formed Arc Home LLC ("Arc Home"). The Company has chosen to make a fair value election with respect to its investment in AG Arc pursuant to ASC 825.

On August 29, 2017, the Company, alongside private funds under the management of Angelo Gordon, formed Mortgage Acquisition Holding I LLC ("MATH") to conduct a residential mortgage investment strategy. MATH in turn sponsored the formation of an entity called Mortgage Acquisition Trust I LLC ("MATT") to purchase predominantly "Non-QMs," which are residential mortgage loans that are not deemed "qualified mortgage," or "QM," loans under the rules of the CFPB. Non-QMs are not eligible for delivery to Fannie Mae, Freddie Mac, or Ginnie Mae. MATT is expected to make an election to be treated as a real estate investment trust beginning with the 2018 tax year.

During Q3 2018, the Company transferred certain of its CMBS from certain of its non-wholly owned subsidiaries to a consolidated entity. The Company executed this transfer in order to obtain financing on these real estate securities. As a result, there was a reclassification of these assets from the "Investments in debt and equity of affiliates" line item to the "CMBS" line item on the Company's consolidated balance sheets. In addition, the Company has also shown this reclassification as a non-cash transfer from the "Investments in debt and equity of affiliates" line item to the "CMBS" line item on its consolidated statements of cash flows.

The below table reconciles the fair market value of investments to the "Investments in debt and equity of affiliates" line item on the Company's consolidated balance sheet (in thousands).

	March 31, 2019			December 31, 2018		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Real Estate Securities, Excess MSRs and Loans, at fair value (1)(2)	$ 244,867	$ (176,950)	$ 67,917	$ 213,419	$ (138,893)	$ 74,526
AG Arc, at fair value	23,775	—	23,775	20,360	—	20,360
Cash and Other assets/(liabilities)	11,510	(1,103)	10,407	7,423	(17,417)	(9,994)
Investments in debt and equity of affiliates	$ 280,152	$ (178,053)	$ 102,099	$ 241,202	$ (156,310)	$ 84,892

(1) Net of any non-recourse securitized debt.

(2) Within Real Estate Securities, Excess MSRs and Loans is $144.4 million and $113.3 million of fair market value of Non-QMs held in MATT at March 31, 2019 and December 31, 2018, respectively.

The Company's investments in debt and equity of affiliates are recorded at fair market value on the consolidated balance sheets in the "Investments in debt and equity of affiliates" line item and periodic changes in fair market value are recorded in current period earnings on the consolidated statement of operations as a component of "Equity in earnings/(loss) from affiliates." Capital contributions, distributions and profits and losses of such entities are allocated in accordance with the terms of the applicable agreements.

Accounting for excess mortgage servicing rights

The Company has acquired the right to receive the excess servicing spread related to Excess MSRs. The Company has chosen to make a fair value election pursuant to ASC 825 for Excess MSRs. Excess MSRs are recorded at fair market value on the consolidated balance sheets and any periodic change in fair market value is recorded in current period earnings on the consolidated statement of operations as a component of "Unrealized gain/(loss) on derivative and other instruments, net."

The Company amortizes or accretes any premium or discount over the life of the related Excess MSRs utilizing the effective interest method. On at least a quarterly basis, the Company evaluates the collectability of interest of its Excess MSRs to determine whether they are impaired. An Excess MSR is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms.

The Company updates its estimate of the cash flows expected to be collected on at least a quarterly basis for Excess MSRs. In estimating these cash flows, there are a number of assumptions that will be subject to uncertainties and contingencies including both the rate and timing of interest receipts, and assumptions of prepayments, repurchases, defaults and liquidations. If there is a significant increase in expected cash flows over what was previously expected to be collected or if actual cash flows are significantly greater than cash flows previously expected, the Company will recognize these changes prospectively through an adjustment of the Excess MSR's yield over its remaining life. Decreases in cash flows expected to be collected from previously projected cash flows, which includes all cash flows originally expected to be collected by the investor plus any additional cash flows expected to be collected arising from changes in estimate after acquisition, may be recognized as impairment. Increases in interest income may be recognized on an Excess MSR on which the Company previously recorded an OTTI charge if the performance of such Excess MSR subsequently improves.

Accounting for single-family rental properties

Purchases of single-family rental properties are treated as asset acquisitions under ASU 2017-01, "Clarifying the Definition of a Business" and are recorded at their purchase price, which is allocated between land, building and improvements, and in-place lease intangibles (when a tenant is in place at the acquisition date) based upon their relative fair values at the date of acquisition. Fair value is determined in accordance with ASC 820 and is primarily based on unobservable data inputs. In making estimates of fair values for purposes of allocating the purchase price, the Company utilizes its own market knowledge and published market data and generally engages a third-party valuation specialist to assist management in the determination of fair value for purposes of allocating price of properties acquired as part of portfolio level transactions. For purposes of this allocation, the purchase price is inclusive of acquisition costs, which include legal costs, as well as other closing costs.

The Company incurs costs to acquire, stabilize and prepare our single-family rental properties to be rented. These costs include renovation and other costs associated with these activities. The Company capitalizes these costs as a component of the Company's investment in each single-family rental property, using specific identification and relative allocation methodologies. The capitalization period associated with the Company's stabilization activities begins at such time that activities commence and concludes at the time that a single-family rental property is available to be leased. Once a property is ready for its intended use, expenditures for ordinary maintenance and repairs are expensed to operations as incurred. The Company capitalizes expenditures that improve or extend the life of a home and for certain furniture and fixtures additions.

The Company records single-family rental properties at purchase price plus any capitalized expenses less accumulated depreciation and amortization and any impairment to the "Single-family rental properties, net" line item on the consolidated balance sheets. Costs capitalized in connection with property acquisitions and improvements are depreciated over their estimated useful lives on a straight line basis. Buildings are depreciated over 30 years and improvements are depreciated over a range of 5 years to 30 years. In-place lease intangibles are recorded based on the costs to execute similar leases as well as an estimate of lost rent revenue at in-place rental rates during the estimated time required to lease the property. The in-place lease intangibles are amortized over the remaining life of the leases in place at purchase and are recorded in "Single-family rental properties, net" on the Company's consolidated balance sheets. The weighted average remaining life of the leases in place at purchase is 3.3 months.

The Company assesses impairment in its single-family rental properties at least on a quarterly basis, or whenever events or changes in business circumstances indicate that carrying amounts of the assets may not be fully recoverable. When such trigger events occur, the Company determines whether there has been impairment by comparing the asset's carrying value with its estimated fair value. Should impairment exist, the asset is written down to its estimated fair value. This analysis is performed at the property level using estimated cash flows, which are estimated based on a number of assumptions that are subject to economic and market uncertainties, including, among others, demand for rental properties, competition for customers, changes in market rental rates, costs to operate each property, expected ownership periods and value of the property. If the carrying amount of a property exceeds the sum of its undiscounted future operating and disposition cash flows, an impairment loss is recorded for excess of the carrying amount over the estimated fair value.

Minimum contractual rents from leases are recognized on a straight-line basis over the terms of the leases in rental income. Therefore, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental income recognized during the period. Straight-line rental income commences when the customer takes control of the leased premises.

Investment consolidation and transfers of financial assets

For each investment made, the Company evaluates the underlying entity that issued the securities acquired or to which the Company makes a loan to determine the appropriate accounting. A similar analysis will be performed for each entity with which the Company enters into an agreement for management, servicing or related services. In performing the analysis, the Company refers to guidance in ASC 810-10, "Consolidation." In situations where the Company is the transferor of financial assets, the Company refers to the guidance in ASC 860-10 "Transfers and Servicing."

In variable interest entities ("VIEs"), an entity is subject to consolidation under ASC 810-10 if the equity investors either do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support, are unable to direct the entity’s activities or are not exposed to the entity’s losses or entitled to its residual returns. VIEs within the scope of ASC 810-10 are required to be consolidated by their primary beneficiary. The primary beneficiary of a VIE is determined to be the party that has both the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. This determination can sometimes involve complex and subjective analyses. Further, ASC 810-10 also requires ongoing assessments of whether an enterprise is the primary beneficiary of a VIE. In accordance with ASC 810-10, all transferees, including variable interest entities, must be evaluated for consolidation. See Note 3 for more detail.

The Company entered into a resecuritization transaction in 2014 which resulted in the Company consolidating the VIE that was created to facilitate the transaction and to which the underlying assets in connection with the resecuritization were transferred. In determining the accounting treatment to be applied to this resecuritization transaction, the Company evaluated whether the entity used to facilitate this transaction was a VIE and, if so, whether it should be consolidated. Based on its evaluation, the Company concluded that the VIE should be consolidated. If the Company had determined that consolidation was not required, it would have then assessed whether the transfer of the underlying assets would qualify as a sale or should be accounted for as secured financings under GAAP. See Note 3 below for more detail.

The Company transferred certain of its CMBS in Q3 2018 from certain of its non-wholly owned subsidiaries into a newly formed wholly owned entity so the Company could obtain financing on these real estate securities. The Company evaluated whether this newly formed entity was a VIE and, whether it should be consolidated. Based on its evaluation, the Company concluded that the VIE should be consolidated. If the Company had determined that consolidation was not required, it would have accounted for its investment in this entity as an equity method investment. See Note 3 below as well as the "Investments in debt and equity of affiliates" section above for more detail.

The Company may periodically enter into transactions in which it transfers assets to a third party. Upon a transfer of financial assets, the Company will sometimes retain or acquire senior or subordinated interests in the related assets. Pursuant to ASC 860-10, a determination must be made as to whether a transferor has surrendered control over transferred financial assets. That determination must consider the transferor’s continuing involvement in the transferred financial asset, including all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of the transfer. The financial components approach under ASC 860-10 limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset. It defines the term "participating interest" to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale.

Under ASC 860-10, after a transfer of financial assets that meets the criteria for treatment as a sale—legal isolation, ability of transferee to pledge or exchange the transferred assets without constraint and transferred control—an entity recognizes the financial and servicing assets it acquired or retained and the liabilities it has incurred, derecognizes financial assets it has sold and derecognizes liabilities when extinguished. The transferor would then determine the gain or loss on sale of financial assets by allocating the carrying value of the underlying mortgage between securities or loans sold and the interests retained based on their fair values. The gain or loss on sale is the difference between the cash proceeds from the sale and the amount allocated to the securities or loans sold. When a transfer of financial assets does not qualify for sale accounting, ASC 860-10 requires the transfer to be accounted for as a secured borrowing with a pledge of collateral.

From time to time, the Company may securitize mortgage loans it holds if such financing is available. These transactions will be recorded in accordance with ASC 860-10 and will be accounted for as either a "sale" and the loans will be removed from the consolidated balance sheets or as a "financing" and will be classified as "real estate securities" on the consolidated balance sheets, depending upon the structure of the securitization transaction. ASC 860-10 is a standard that may require the Company to exercise significant judgment in determining whether a transaction should be recorded as a "sale" or a "financing."

Interest income recognition

Interest income on the Company's real estate securities portfolio is accrued based on the actual coupon rate and the outstanding principal balance of such securities. The Company has elected to record interest in accordance with ASC 835-30-35-2, "Imputation of Interest," using the effective interest method for all securities accounted for under the fair value option (ASC 825). As such, premiums and discounts are amortized or accreted into interest income over the lives of the securities in accordance with ASC 310-20, "Nonrefundable Fees and Other Costs," ASC 320-10 or ASC 325-40, as applicable. Total interest income is recorded in the "Interest income" line item on the consolidated statement of operations.

On at least a quarterly basis for securities accounted for under ASC 320-10 and ASC 310-20 (generally Agency RMBS, exclusive of interest-only securities), prepayments of the underlying collateral must be estimated, which directly affect the speed at which the Company amortizes premiums on its securities. If actual and anticipated cash flows differ from previous estimates, the Company records an adjustment in the current period to the amortization of premiums for the impact of the cumulative change in the effective yield through the reporting date.

Similarly, the Company also reassesses the cash flows on at least a quarterly basis for securities accounted for under ASC 325-40 (generally Non-Agency RMBS, ABS, CMBS, interest-only securities and Excess MSRs). In estimating these cash flows, there are a number of assumptions made that are uncertain and subject to judgments and assumptions based on subjective and objective factors and contingencies. These include the rate and timing of principal and interest receipts (including assumptions of prepayments, repurchases, defaults and liquidations), the pass-through or coupon rate and interest rate fluctuations. In addition, interest payment shortfalls due to delinquencies on the underlying mortgage loans have to be estimated. Differences between previously estimated cash flows and current actual and anticipated cash flows are recognized prospectively through an adjustment of the yield over the remaining life of the security based on the current amortized cost of the investment as adjusted for credit impairment, if any.

Interest income on the Company's loan portfolio is accrued based on the actual coupon rate and the outstanding principal balance of such loans. The Company has elected to record interest in accordance with ASC 835-30-35-2 using the effective interest method for all loans accounted for under the fair value option (ASC 825). Any amortization will be reflected as an adjustment to interest income in the consolidated statement of operations.

For security and loan investments purchased with evidence of deterioration of credit quality for which it is probable, at acquisition, that the Company will be unable to collect all contractually required payments receivable, the Company will apply the provisions of ASC 310-30. For purposes of income recognition, the Company may aggregate loans that have common risk characteristics into pools and uses a composite interest rate and expectation of cash flows expected to be collected for the pool. ASC 310-30 addresses accounting for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment in loans or debt securities (loans) acquired in a transfer if those differences are attributable, at least in part, to credit quality. ASC 310-30 limits the yield that may be accreted (accretable yield) to the excess of the investor's estimate of undiscounted expected principal, interest and other cash flows (cash flows expected at acquisition to be collected) over the investor's initial investment in the loan. ASC 310-30 requires that the excess of contractual cash flows over cash flows expected to be collected (nonaccretable difference) not be recognized as an adjustment of yield, loss accrual or valuation allowance. Subsequent increases in cash flows expected to be collected generally should be recognized prospectively through an adjustment of the loan's yield over its remaining life. Decreases in cash flows expected to be collected should be recognized as impairment.

The Company's accrual of interest, discount accretion and premium amortization for U.S. federal and other tax purposes differs from the financial accounting treatment of these items as described above.

Financing arrangements

The Company finances the acquisition of certain assets within its portfolio through the use of financing arrangements. Financing arrangements include repurchase agreements and financing facilities. The Company's financing facilities include both term loans and revolving facilities. Repurchase agreements and financing facilities are treated as collateralized financing transactions and carried at their contractual amounts, including accrued interest, as specified in the respective agreements. The carrying amount of the Company's repurchase agreements and revolving facilities approximates fair value.

The Company pledges certain securities, loans or properties as collateral under financing arrangements with financial institutions, the terms and conditions of which are negotiated on a transaction-by-transaction basis. The amounts available to be borrowed under repurchase agreements and revolving facilities are dependent upon the fair value of the securities, or loans pledged as collateral, which can fluctuate with changes in interest rates, type of security and liquidity conditions within the banking, mortgage finance and real estate industries. In response to declines in fair value of assets pledged under repurchase agreements and revolving facilities, lenders may require the Company to post additional collateral or pay down borrowings to re-establish agreed upon collateral requirements, referred to as margin calls. As of March 31, 2019 and December 31, 2018, the Company has met all margin call requirements.

Accounting for derivative financial instruments

The Company enters into derivative contracts as a means of mitigating interest rate risk rather than to enhance returns. The Company accounts for derivative financial instruments in accordance with ASC 815-10, "Derivatives and Hedging." ASC 815-10 requires an entity to recognize all derivatives as either assets or liabilities on the balance sheet and to measure those instruments at fair value. Additionally, if or when hedge accounting is elected, the fair value adjustments will affect either other comprehensive income in stockholders' equity until the hedged item is recognized in earnings or net income depending on whether the derivative instrument is designated and qualifies as a hedge for accounting purposes and, if so, the nature of the hedging activity. As of March 31, 2019 and December 31, 2018, the Company did not have any interest rate derivatives designated as hedges. All derivatives have been recorded at fair value in accordance with ASC 820-10, with corresponding changes in value recognized in the consolidated statement of operations. The Company records derivative asset and liability positions on a gross basis with respect to its counterparties. The Company records the daily receipt or payment of variation margin associated with the Company's centrally cleared derivative instruments on a net basis. See Note 9 for a discussion of this accounting treatment. During the period in which the Company unwinds a derivative, it records a realized gain/(loss) in the "Net realized gain/(loss)" line item in the consolidated statement of operations.

To-be-announced securities

A to-be-announced security ("TBA") is a forward contract for the purchase or sale of Agency RMBS at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date. The specific Agency RMBS delivered into or received from the contract upon the settlement date, published each month by the Securities Industry and Financial Markets Association, are not known at the time of the transaction. The Company may also choose, prior to settlement, to move the settlement of these securities out to a later date by entering into an offsetting short or long position (referred to as a pair off), net settling the paired off positions for cash, simultaneously purchasing or selling a similar TBA contract for a later settlement date. This transaction is commonly referred to as a dollar roll. The Agency RMBS purchased or sold for a forward settlement date are typically priced at a discount to Agency RMBS for settlement in the current month. This difference, or discount, is referred to as the price drop. The price drop is the economic equivalent of net interest carry income on the underlying Agency RMBS over the roll period (interest income less implied financing cost) and is commonly referred to as dollar roll income/(loss). Consequently, forward purchases of Agency RMBS and dollar roll transactions represent a form of off-balance sheet financing. Dollar roll income is recognized in the consolidated statement of operations in the line item "Unrealized gain/(loss) on derivative and other instruments, net."

The Company presents the purchase or sale of TBAs net of the corresponding payable or receivable, respectively, until the settlement date of the transaction. Contracts for the purchase or sale of Agency RMBS are accounted for as derivatives if they do not qualify for the "regular way" security trade scope exception found in ASC 815-10. To be eligible for this scope exception, the contract must meet the following conditions: (1) there is no other way to purchase or sell that security, (2) delivery of that security and settlement will occur within the shortest period possible for that type of security, and (3) it is probable at inception and throughout the term of the individual contract that the contract will not settle net and will result in physical delivery of a security when it is issued. Unrealized gains and losses associated with TBA contracts not meeting the regular-way exception and not designated as hedging instruments are recognized in the consolidated statement of operations in the line item "Unrealized gain/(loss) on derivative and other instruments, net."

U.S. Treasury securities

The Company may purchase long or sell short U.S. Treasury securities to help mitigate the potential impact of changes in interest rates. The Company may finance its purchase of U.S. Treasury securities with overnight repurchase agreements. The Company may borrow securities to cover short sales of U.S. Treasury securities through overnight reverse repurchase agreements, which are accounted for as borrowing transactions, and the Company recognizes an obligation to return the borrowed securities at fair value on its consolidated balance sheets based on the value of the underlying borrowed securities as of the reporting date.The Company establishes haircuts to ensure the fair market value of the underlying assets remain sufficient to protect the Company in the event of a default by a counterparty. Interest income and expense associated with purchases and short sales of U.S. Treasury securities are recognized in "Interest income" and "Interest expense," respectively, on the consolidated statement of operations. Realized and unrealized gains and losses associated with purchases and short sales of U.S. Treasury securities are recognized in "Net realized gain/(loss)" and "Unrealized gain/(loss) on derivative and other instruments, net," respectively, on the consolidated statement of operations.

Manager compensation

The management agreement provides for payment to the Manager of a management fee. The management fee is accrued and expensed during the period for which it is earned. For a more detailed discussion on the fees payable under the management agreement, see Note 12.

Income taxes

The Company conducts its operations to qualify and be taxed as a REIT. Accordingly, the Company will generally not be subject to federal or state corporate income tax to the extent that the Company makes qualifying distributions to its stockholders, and provided that it satisfies on a continuing basis, through actual investment and operating results, the REIT requirements including certain asset, income, distribution and stock ownership tests. If the Company fails to qualify as a REIT, and does not qualify for certain statutory relief provisions, it will be subject to U.S. federal, state and local income taxes and may be precluded from qualifying as a REIT for the four taxable years following the year in which the Company fails to qualify as a REIT.

The dividends paid deduction of a REIT for qualifying dividends to its stockholders is computed using the Company’s taxable income/(loss) as opposed to net income/(loss) reported on the Company’s GAAP financial statements. Taxable income/(loss), generally, will differ from net income/(loss) reported on the financial statements because the determination of taxable income/(loss) is based on tax principles and not financial accounting principles.

The Company elected to treat certain domestic subsidiaries as taxable REIT subsidiaries ("TRSs") and may elect to treat other subsidiaries as TRSs. In general, a TRS may hold assets and engage in activities that the Company cannot hold or engage in directly and generally may engage in any real estate or non-real estate-related business.

A domestic TRS may declare dividends to the Company which will be included in the Company’s taxable income/(loss) and necessitate a distribution to stockholders. Conversely, if the Company retains earnings at the domestic TRS level, no distribution is required and the Company can increase book equity of the consolidated entity. A domestic TRS is subject to U.S. federal, state and local corporate income taxes.

The Company elected to treat one of its foreign subsidiaries as a TRS and, accordingly, taxable income generated by this foreign TRS may not be subject to local income taxation, but generally will be included in the Company’s income on a current basis as Subpart F income, whether or not distributed.

The Company’s financial results are generally not expected to reflect provisions for current or deferred income taxes, except for any activities conducted through one or more TRSs that are subject to corporate income taxation. The Company believes that it will operate in a manner that will allow it to qualify for taxation as a REIT. As a result of the Company’s expected REIT qualification, it does not generally expect to pay federal or state corporate income tax. Many of the REIT requirements, however, are highly technical and complex. If the Company were to fail to meet the REIT requirements, it would be subject to federal income taxes and applicable state and local taxes.

As a REIT, if the Company fails to distribute in any calendar year (subject to specific timing rules for certain dividends paid in January) at least the sum of (i) 85% of its ordinary income for such year, (ii) 95% of its capital gain net income for such year, and (iii) any undistributed taxable income from the prior year, the Company would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (i) the amounts actually distributed and (ii) the amounts of income retained and on which the Company has paid corporate income tax.

The Company evaluates uncertain income tax positions, if any, in accordance with ASC 740, "Income Taxes." The Company classifies interest and penalties, if any, related to unrecognized tax benefits as a component of provision for income taxes. See Note 11 for further details.

Deal related performance fees

The Company accrues deal related performance fees, payable to Arc Home and third party operators, on certain of its CMBS, Excess MSRs and its single-family rental properties. The deal related performance fees are based on these investments meeting certain performance hurdles. The fees are accrued and expensed during the period for which they are incurred and are included in the "Other operating expenses" and "Equity in earnings/(loss) from affiliates" line items on the Consolidated Statement of Operations.

Stock-based compensation

The Company applies the provisions of ASC 718, "Compensation—Stock Compensation" with regard to its equity incentive plans. ASC 718 covers a wide range of share-based compensation arrangements including stock options, restricted stock plans, performance-based awards, stock appreciation rights and employee stock purchase plans. ASC 718 requires that compensation cost relating to stock-based payment transactions be recognized in financial statements. Compensation cost is measured based on the fair value of the equity or liability instruments issued.

Compensation cost related to restricted common shares and restricted stock units issued to the Company's directors and the Manager are measured at its estimated fair value at the grant date, and is amortized and expensed over the vesting period on a straight-line basis. Restricted stock units granted to the Manager do not entitle the participant the rights of a shareholder of the Company's common stock, such as dividend and voting rights, until shares are issued in settlement of the vested units. The restricted stock units are not considered to be participating shares. Restricted stock units are measured at fair value reduced by the present value of the dividends expected to be paid on the underlying shares during the requisite service period, discounted at an assumed risk free rate. The Company has elected to use the straight-line method to amortize compensation expense for restricted stock units.

Recent accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses" ("ASU 2016-13"). ASU 2016-13 introduces a new model related to the accounting for credit losses on instruments, specifically, financial assets subject to credit losses and measured at amortized cost and certain off-balance sheet credit exposures. ASU 2016-13 amends the current guidance, requiring an OTTI charge only when fair value is below the amortized cost of an asset. The length of time the fair value of an available-for-sale debt security has been below the amortized cost will no longer impact the determination of whether a credit loss exists. As such, it is no longer an other-than-temporary model. In addition, credit losses on available-for-sale debt securities will now be limited to the difference between the security's amortized cost basis and its fair value. The new debt security model will also require the use of an allowance to record estimated credit losses. The new guidance also expands the disclosure requirements regarding an entity's assumptions and models. In addition, public entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination (i.e., by vintage year). ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company is currently evaluating its method of adoption and the impact this ASU will have on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-7, "Improvements to Nonemployee Share–Based Payment Accounting" ("ASU 2018-7"). The standard largely aligns the accounting for share–based payment awards issued to employees and nonemployees. Equity-classified share-based payment awards issued to nonemployees will be measured on the grant date, instead of being remeasured through the performance completion date (generally the vesting date), as required under the current guidance. The standard is to be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year when adopted. The standard is effective for public business entities for fiscal years beginning after December 15, 2018 and interim periods within those years. The Company adopted ASU 2018-7 in the first quarter of 2019 and applied the guidance on a modified retrospective basis through a cumulative-effect adjustment to retained earnings. The adjustment was immaterial.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820) Disclosure Framework–Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). ASU 2018-13 changes the fair value measurement disclosure requirements of ASC 820 "Fair Value Measurement" by adding, eliminating, and modifying certain disclosure requirements. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019 and requires application of the prospective method of transition. The Company is currently assessing the impact the guidance will have on its consolidated financial statements.

3. Real Estate Securities

The following tables detail the Company's real estate securities portfolio as of March 31, 2019 and December 31, 2018. The Company's Agency RMBS are mortgage pass-through certificates or collateralized mortgage obligations ("CMOs") representing interests in or obligations backed by pools of residential mortgage loans issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. The principal and interest payments on Agency RMBS securities have an explicit guarantee by either an agency of the U.S. government or a U.S. government-sponsored entity. The Company's Non-Agency RMBS, ABS and CMBS portfolios are primarily not issued or guaranteed by Fannie Mae, Freddie Mac or any agency of the U.S. Government and are therefore subject to credit risk. The Company has chosen to make a fair value election pursuant to ASC 825 for its real estate securities portfolio. Unrealized gains and losses are recognized in current period earnings in the "Unrealized gain/(loss) on real estate securities and loans, net" line item on the consolidated statement of operations. The gross unrealized gains/(losses) stated in the tables below represent inception to date unrealized gains/(losses).

The following table details the Company's real estate securities portfolio as of March 31, 2019 (in thousands):

				Gross Unrealized			Weighted Average	
	Current Face	Premium / (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (1)	Yield
Agency RMBS:								
30 Year Fixed Rate	$ 2,046,873	$ 58,524	$ 2,105,397	$ 35,992	$ (1,408)	$ 2,139,981	4.10%	3.61%
Fixed Rate CMO	42,622	298	42,920	—	(9)	42,911	3.00%	2.79%
Interest Only	648,694	(542,216)	106,478	1,701	(3,090)	105,089	3.61%	7.43%
Total Agency RMBS:	2,738,189	(483,394)	2,254,795	37,693	(4,507)	2,287,981	3.97%	3.77%
Credit Investments:								
Non-Agency RMBS	785,687	(182,370)	603,317	54,108	(586)	656,839	5.07%	7.09%
Non-Agency RMBS Interest Only	282,731	(279,675)	3,056	533	(1,088)	2,501	0.63%	17.04%
Total Non-Agency:	1,068,418	(462,045)	606,373	54,641	(1,674)	659,340	4.32%	7.12%
ABS	20,605	(116)	20,489	—	(290)	20,199	9.72%	10.24%
CMBS	336,448	(126,349)	210,099	17,308	(401)	227,006	5.91%	8.52%
CMBS Interest Only	3,392,935	(3,346,783)	46,152	3,413	(168)	49,397	0.24%	6.93%
Total CMBS:	3,729,383	(3,473,132)	256,251	20,721	(569)	276,403	0.50%	8.24%
Total Credit Investments:	4,818,406	(3,935,293)	883,113	75,362	(2,533)	955,942	1.29%	7.51%
Total	$ 7,556,595	$ (4,418,687)	$ 3,137,908	$ 113,055	$ (7,040)	$ 3,243,923	2.31%	4.87%

(1) Equity residual investments and principal only securities with a zero coupon rate are excluded from this calculation.

The following table details the Company's real estate securities portfolio as of December 31, 2018 (in thousands):

				Gross Unrealized			Weighted Average	
	Current Face	Premium / (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (1)	Yield
Agency RMBS:								
30 Year Fixed Rate	$ 1,781,995	$ 50,750	$ 1,832,745	$ 6,544	$ (9,174)	$ 1,830,115	4.08%	3.66%
Fixed Rate CMO	44,418	327	44,745	—	(388)	44,357	3.00%	2.79%
Interest Only	680,743	(565,659)	115,084	1,788	(3,064)	113,808	3.61%	8.13%
Total Agency RMBS:	2,507,156	(514,582)	1,992,574	8,332	(12,626)	1,988,280	3.94%	3.89%
Credit Investments:								
Non-Agency RMBS	763,753	(189,569)	574,184	50,131	(2,064)	622,251	5.09%	7.18%
Non-Agency RMBS Interest Only	296,677	(293,520)	3,157	879	(937)	3,099	0.63%	21.88%
Total Non-Agency:	1,060,430	(483,089)	577,341	51,010	(3,001)	625,350	4.29%	7.25%
ABS	22,125	(179)	21,946	—	(786)	21,160	9.49%	10.22%
CMBS	361,514	(163,366)	198,148	14,936	(2,030)	211,054	6.12%	8.87%
CMBS Interest Only	3,401,670	(3,354,311)	47,359	3,243	(271)	50,331	0.24%	6.87%
Total CMBS:	3,763,184	(3,517,677)	245,507	18,179	(2,301)	261,385	0.48%	8.48%
Total Credit Investments:	4,845,739	(4,000,945)	844,794	69,189	(6,088)	907,895	1.26%	7.67%
Total	$ 7,352,895	$ (4,515,527)	$ 2,837,368	$ 77,521	$ (18,714)	$ 2,896,175	2.23%	5.08%

(1) Equity residual investments and principal only securities with a zero coupon rate are excluded from this calculation.

The following table presents the gross unrealized losses and fair value of the Company's real estate securities by length of time that such securities have been in a continuous unrealized loss position as of March 31, 2019 and December 31, 2018 (in thousands):

	Less than 12 months		Greater than 12 months	
As of	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2019	$ 142,762	$ (2,554)	$ 250,514	$ (4,486)
December 31, 2018	966,620	(14,937)	81,170	(3,777)

As described in Note 2, the Company evaluates securities for OTTI on at least a quarterly basis. The determination of whether a security is other-than-temporarily impaired involves judgments and assumptions based on subjective and objective factors. When the fair value of a real estate security is less than its amortized cost at the balance sheet date, the security is considered impaired, and the impairment is designated as either "temporary" or "other-than-temporary."

For the three months ended March 31, 2019 the Company recognized an OTTI charge of $2.4 million on its securities, which is included in the "Net realized gain/(loss)" line item on the consolidated statement of operations. The Company recorded $2.4 million of OTTI due to an adverse change in cash flows on certain securities where the fair values of the securities were less than their carrying amounts. Of the $2.4 million of OTTI recorded, $0.3 million related to securities where OTTI was not recognized in a prior year.

For the three months ended March 31, 2018 the Company recognized an OTTI charge of $1.0 million on its securities, which is included in the "Net realized gain/(loss)" line item on the consolidated statement of operations. The Company recorded $1.0 million of OTTI due to an adverse change in cash flows on certain securities where the fair values of the securities were less than their carrying amounts. Of the $1.0 million of OTTI recorded, $0.6 million related to securities where OTTI was not recognized in a prior year.

The decline in value of the remaining real estate securities is solely due to market conditions and not the credit quality of the assets. The investments in any remaining unrealized loss positions are not considered other than temporarily impaired because the Company currently has the ability and intent to hold the investments to maturity or for a period of time sufficient for a forecasted market price recovery up to or beyond the cost of the investments and the Company is not required to sell the investments for regulatory or other reasons.

The following table details the weighted average life of our real estate securities broken out by Agency RMBS and Credit Investments as of March 31, 2019 (in thousands):

	Agency RMBS			Credit Investments		
Weighted Average Life (1)	**Fair Value**	**Amortized Cost**	**Weighted Average Coupon**	**Fair Value**	**Amortized Cost**	**Weighted Average Coupon (2)**
Less than or equal to 1 year	$ —	$ —	—	$ 90,407	$ 90,496	0.66%
Greater than one year and less than or equal to five years	58,962	58,485	3.01%	283,537	267,034	0.99%
Greater than five years and less than or equal to ten years	2,229,019	2,196,310	4.04%	388,946	353,524	1.35%
Greater than ten years	—	—	—%	193,052	172,059	5.83%
Total	$ 2,287,981	$ 2,254,795	3.97%	$ 955,942	$ 883,113	1.29%

(1) This is based on projected life. Typically, actual maturities of mortgage-backed securities are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(2) Equity residual investments and principal only securities with a zero coupon rate are excluded from this calculation.

The following table details the weighted average life of our real estate securities broken out by Agency RMBS and Credit Investments as of December 31, 2018 (in thousands):

	Agency RMBS			Credit Investments		
Weighted Average Life (1)	**Fair Value**	**Amortized Cost**	**Weighted Average Coupon**	**Fair Value**	**Amortized Cost**	**Weighted Average Coupon (2)**
Less than or equal to 1 year	$ —	$ —	—	$ 73,194	$ 73,738	0.59%
Greater than one year and less than or equal to five years	61,644	61,305	3.01%	240,232	226,342	0.89%
Greater than five years and less than or equal to ten years	1,908,417	1,912,545	4.02%	420,050	388,500	1.47%
Greater than ten years	18,219	18,724	3.50%	174,419	156,214	5.77%
Total	$ 1,988,280	$ 1,992,574	3.94%	$ 907,895	$ 844,794	1.26%

(1) This is based on projected life. Typically, actual maturities of mortgage-backed securities are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(2) Equity residual investments and principal only securities with a zero coupon rate are excluded from this calculation.

For the three months ended March 31, 2019, the Company sold 26 securities for total proceeds of $213.0 million, with an additional $68.4 million proceeds on 5 unsettled security sales, recording realized gains of $4.3 million and realized losses of $2.2 million.

For the three months ended March 31, 2018, the Company sold 57 securities for total proceeds of $728.4 million, with an additional $104.7 million of proceeds on 8 unsettled security sales as of quarter end, recording realized gains of $5.9 million and realized losses of $18.4 million.

See Notes 4 and 9 for amounts realized on sales of loans and the settlement of certain derivatives, respectively.

A Special Purpose Entity ("SPE") is an entity designed to fulfill a specific limited need of the company that organized it. SPEs are often used to facilitate transactions that involve securitizing financial assets or resecuritizing previously securitized financial assets. The objective of such transactions may include obtaining non-recourse financing, obtaining liquidity or refinancing the underlying securitized financial assets on improved terms. Securitization involves transferring assets to an SPE to convert all or a portion of those assets into cash before they would have been realized in the normal course of business through the SPE's issuance of debt or equity instruments. Investors in an SPE usually have recourse only to the assets in the SPE and depending on the overall structure of the transaction, may benefit from various forms of credit enhancement, such as over-collateralization in the form of excess assets in the SPE, priority with respect to receipt of cash flows relative to holders of other debt or equity instruments issued by the SPE, or a line of credit or other form of liquidity agreement that is designed with the objective of ensuring that investors receive principal and/or interest cash flow on the investment in accordance with the terms of their investment agreement. See Note 2 for more detail.

The Company previously entered into a resecuritization transaction in 2014 that resulted in the Company consolidating the VIE created for the transaction with the SPE, which was used to facilitate the transaction ("VIE A"). The Company concluded that the SPE created to facilitate this transaction was a VIE. The Company also determined that the VIE created to facilitate the resecuritization transaction should be consolidated by the Company and treated as a secured borrowing, based on the Company's involvement in VIE A, including the design and purpose of the SPE, and whether the Company's involvement reflected a controlling financial interest that resulted in the Company being deemed the primary beneficiary of the VIE.

The following table details certain information on VIE A as of March 31, 2019 (in thousands):

	Current Face	Fair Value	Weighted Average		
			Coupon	**Yield**	**Life (Years) (1)**
Consolidated tranche (2)	$ 10,504	$ 10,515	4.24%	4.47%	2.33
Retained tranche	8,393	6,719	4.50%	18.98%	8.30
Total resecuritized asset	$ 18,897	$ 17,234	4.36%	10.12%	4.98

(1) This is based on projected life. Typically, actual maturities of investments and loans are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(2) As of March 31, 2019, the fair market value of the consolidated tranche is included in the Company's consolidated balance sheets as "Non-Agency RMBS." As of March 31, 2019, the Company has recorded secured financing of $10.5 million on the consolidated balance sheets in the "Securitized debt, at fair value" line item. The Company recorded the proceeds from the issuance of the secured financing in the "Cash Flows from Financing Activities" section of the consolidated statement of cash flows at the time of securitization.

The following table details certain information on VIE A as of December 31, 2018 (in thousands):

	Current Face	Fair Value	Weighted Average		
			Coupon	**Yield**	**Life (Years) (1)**
Consolidated tranche (2)	$ 10,821	$ 10,858	4.10%	4.47%	2.39
Retained tranche	8,401	6,550	4.61%	18.50%	8.37
Total resecuritized asset	$ 19,222	$ 17,408	4.32%	9.75%	5.00

(1) This is based on projected life. Typically, actual maturities of investments and loans are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(2) As of December 31, 2018, the fair market value of the consolidated tranche is included in the Company's consolidated balance sheets as "Non-Agency RMBS." As of December 31, 2018, the Company has recorded secured financing of $10.9 million on the consolidated balance sheets in the "Securitized debt, at fair value" line item. The Company recorded the proceeds from the issuance of the secured financing in the "Cash Flows from Financing Activities" section of the consolidated statement of cash flows at the time of securitization.

The holders of the consolidated tranche have no recourse to the general credit of the Company. The Company has no obligation to provide any other explicit or implicit support to VIE A.

The Company transferred certain of its CMBS in Q3 2018 from certain of its non-wholly owned subsidiaries into a newly formed entity so it could obtain financing on these real estate securities ("VIE B"). The Company concluded that the entity created to facilitate this transfer was a VIE. The Company also determined that VIE B should be consolidated by the Company based on the Company's 100% equity ownership in VIE B (despite a profit participation interest held by an unaffiliated third party in VIE B), the Company's involvement in VIE B, including the design and purpose of the entity, and whether the Company's involvement reflected a controlling financial interest that resulted in the Company being deemed the primary beneficiary of VIE B.

The following table details certain information on VIE B as of March 31, 2019 and December 31, 2018 (in thousands):

	March 31, 2019	December 31, 2018
Assets		
CMBS	$ 88,400	$ 84,515
Cash and cash equivalents	600	595
Restricted cash	—	258
Other assets	152	151
Total assets	$ 89,152	$ 85,519
Liabilities		
Financing arrangements, net	$ 55,340	$ 54,278
Other liabilities	3,301	2,954
Total liabilities	$ 58,641	$ 57,232

Except for restricted cash, assets held by VIE B are not restricted and can be used to settle any obligations of the Company. The liabilities of VIE B are recourse to the Company and can be satisfied with assets of the Company.

4. Loans

Residential mortgage loans

In February 2019, the Company purchased a residential mortgage loan portfolio with a gross aggregate unpaid principal balance and a gross acquisition fair value of $25.9 million and $19.7 million, respectively.

For the three months ended March 31, 2019, the Company sold 1 loan for total proceeds of $0.1 million, recording realized gains of $16,044. No residential mortgage loans were sold for the three months ended March 31, 2018.

The Company has chosen to make a fair value election pursuant to ASC 825 for its residential mortgage loan portfolio. Unrealized gains and losses are recognized in current period earnings in the "Unrealized gain/(loss) on real estate securities and loans, net" line item. The gross unrealized gains/(losses) stated in the tables below represents inception to date unrealized gains/(losses).

The table below details information regarding the Company's residential mortgage loan portfolio as of March 31, 2019 (in thousands):

				Gross Unrealized			Weighted Average		
	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon	Yield	Life (Years) (1)
Residential mortgage loans	$ 237,780	$ (36,060)	$ 201,720	$ 1,039	$ (712)	$ 202,047	4.80%	6.84%	7.88

(1) This is based on projected life. Typically, actual maturities of residential mortgage loans are shorter than stated contractual maturities. Maturities are affected by the lives of the underlying mortgages, periodic payments of principal and prepayments of principal.

The table below details information regarding the Company's residential mortgage loan portfolio as of December 31, 2018 (in thousands):

				Gross Unrealized			Weighted Average		
	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon	Yield	Life (Years) (1)
Residential mortgage loans	$ 216,853	$ (31,773)	$ 185,080	$ 1,190	$ (174)	$ 186,096	4.75%	6.53%	7.14

(1) This is based on projected life. Typically, actual maturities of residential mortgage loans are shorter than stated contractual maturities. Maturities are affected by the lives of the underlying mortgages, periodic payments of principal and prepayments of principal.

The table below details information regarding the Company's re-performing and non-performing residential mortgage loans as of March 31, 2019 and December 31, 2018 (in thousands):

	March 31, 2019		December 31, 2018	
	Fair Value	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance
Re-Performing	$ 161,777	$ 187,811	$ 148,508	$ 172,470
Non-Performing	40,270	49,969	37,588	44,383
	$ 202,047	$ 237,780	$ 186,096	$ 216,853

As described in Note 2, the Company evaluates loans for OTTI on at least a quarterly basis. The determination of whether a loan is other-than-temporarily impaired involves judgments and assumptions based on subjective and objective factors. When the fair value of a loan is less than its amortized cost at the balance sheet date, the loan is considered impaired, and the impairment is designated as either "temporary" or "other-than-temporary."

No OTTI was recorded for the three months ended March 31, 2019 and March 31, 2018 on the Company's residential mortgage loans.

As of March 31, 2019 and December 31, 2018 the Company had residential mortgage loans that were in the process of foreclosure with a fair value of $16.8 million and $17.3 million, respectively.

The Company's mortgage loan portfolio consisted of mortgage loans on residential real estate located throughout the U.S. The following is a summary of the geographic concentration of credit risk within the Company's mortgage loan portfolio:

Geographic Concentration of Credit Risk	March 31, 2019	December 31, 2018
Percentage of fair value of mortgage loans secured by properties in the following states:		
Representing 5% or more of fair value:		
California	18%	19%
Florida	9%	9%
Georgia	5%	5%
New York	4%	5%

The Company records interest income on an effective interest basis. The accretable discount is determined by the excess of the Company's estimate of undiscounted principal, interest, and other cash flows expected to be collected over its initial investment in the mortgage loan. The following is a summary of the changes in the accretable portion of discounts for the three months ended March 31, 2019 and March 31, 2018, respectively (in thousands):

	Three Months Ended	
	March 31, 2019	March 31, 2018
Beginning Balance	$ 79,610	$ 9,318
Additions	19,731	—
Accretion	(3,263)	(490)
Reclassifications from/(to) non-accretable difference	3,849	997
Disposals	(423)	—
Ending Balance	$ 99,504	$ 9,825

As of March 31, 2019, the Company's residential mortgage loan portfolio was comprised of 2,355 conventional loans with original loan balances between $2,053 and $1.9 million.

As of December 31, 2018, the Company's residential mortgage loan portfolio was comprised of 2,025 conventional loans with original loan balances between $10,000 and $1.9 million.

Commercial loans

The Company has chosen to make a fair value election pursuant to ASC 825 for its commercial loan portfolio. Unrealized gains and losses are recognized in current period earnings in the "Unrealized gain/(loss) on real estate securities and loans, net" line item. The gross unrealized gains/(losses) columns in the tables below represent inception to date unrealized gains/(losses).

The following table presents detail on the Company's commercial loan portfolio on March 31, 2019 (in thousands).

				Gross Unrealized			Weighted Average					
Loan (1)	Current Face	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (2)	Yield	Life (Years) (3)	Initial Stated Maturity Date	Extended Maturity Date (4)	Location
Loan B (5)	$ 32,800	$ —	$ 32,800	$ —	$ —	$ 32,800	7.23%	7.61%	0.27	July 1, 2016	July 1, 2019	TX
Loan G (6)	27,008	—	27,008	—	—	27,008	7.24%	7.24%	1.29	July 9, 2020	July 9, 2022	CA
Loan H (7)	36,000	—	36,000	—	—	36,000	6.48%	6.48%	0.96	March 9, 2019	March 9, 2020	AZ
Loan I (8)	6,818	(235)	6,583	235	—	6,818	12.99%	15.48%	1.81	February 9, 2021	February 9, 2023	MN
Loan J (9)	2,467	—	2,467	—	—	2,467	7.14%	7.14%	2.88	January 1, 2023	January 1, 2024	NY
Loan K (10)	5,130	—	5,130	—	—	5,130	11.49%	12.76%	2.39	May 22, 2021	February 22, 2024	NY
	$ 110,223	$ (235)	$ 109,988	$ 235	$ —	$ 110,223	7.54%	7.87%	1.00			

(1) The Company has the contractual right to receive a balloon payment for each loan.
(2) Each commercial loan investment has a variable coupon rate.
(3) Actual maturities of commercial mortgage loans may be shorter than stated contractual maturities. Maturities are affected by prepayments of principal.
(4) Represents the maturity date of the last possible extension option.
(5) Loan B is comprised of a first mortgage and mezzanine loan of $31.8 million and $1.0 million, respectively. As of March 31, 2019, Loan B has been extended to the extended maturity date shown above.
(6) Loan G is a first mortgage of up to $75.0 million, of which $27.0 million has been advanced.
(7) Loan H is a first mortgage of up to $36.0 million, all of which has been advanced. As of Q1 2019, Loan H has been extended to the extended maturity date.
(8) Loan I is a mezzanine loan of up to $20.0 million, of which $6.8 million has been advanced.

(9) Loan J is a first mortgage of up to $30.0 million, of which $2.5 million had been advanced.
(10) Loan K is comprised of a first mortgage and mezzanine loan of up to $15.0 million and $5.0 million, respectively. As of March 31, 2019, $3.8 million and $1.3 million of the first mortgage and mezzanine loan, respectively, have been advanced.

The following table presents detail on the Company's commercial loan portfolio on December 31, 2018 (in thousands).

				Gross Unrealized			Weighted Average					
Loan (1)	Current Face	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (2)	Yield	Life (Years) (3)	Initial Stated Maturity Date	Extended Maturity Date (4)	Location
Loan B (5)	$ 32,800	$ —	$ 32,800	$ —	$ —	$ 32,800	7.13%	7.51%	0.52	July 1, 2016	July 1, 2019	TX
Loan F (6)	10,417	(1)	10,416	1	—	10,417	13.39%	14.02%	0.03	September 9, 2018	September 9, 2019	MN
Loan G (7)	19,357	—	19,357	—	—	19,357	7.14%	7.14%	1.54	July 9, 2020	July 9, 2022	CA
Loan H (8)	36,000	—	36,000	—	—	36,000	6.21%	6.21%	1.21	March 9, 2019	March 9, 2020	AZ
	$ 98,574	$ (1)	$ 98,573	$ 1	$ —	$ 98,574	7.45%	7.65%	0.92			

(1) The Company has the contractual right to receive a balloon payment for each loan.
(2) Each commercial loan investment has a variable coupon rate.
(3) Actual maturities of commercial mortgage loans may be shorter than stated contractual maturities. Maturities are affected by prepayments of principal.
(4) Represents the maturity date of the last possible extension option.
(5) Loan B is comprised of a first mortgage and mezzanine loan of $31.8 million and $1.0 million , respectively. As of December 31, 2018, Loan B has been extended to the extended maturity date shown above.
(6) Loan F is a mezzanine loan of up to $10.4 million, all of which has been funded. As of December 31, 2018, Loan F has been extended to January 2019. Loan F paid off at par in Q1 2019, with the Company receiving proceeds of $10.4 million.
(7) Loan G is a first mortgage loan of up to $75.0 million, of which $19.4 million has been advanced.
(8) Loan H is a first mortgage loan of up to $36.0 million, all of which has been funded. As of Q1 2019, Loan H has been extended to the extended maturity date.

During the three months ended March 31, 2019 and March 31, 2018, the Company recorded a de minimis amount and $1.0 million of discount accretion, respectively, on its commercial loans. The decrease is due to the early payoff at par of a loan held at a discount in April 2018.

5. Excess MSRs

The Company has chosen to make a fair value election pursuant to ASC 825 for its Excess MSR portfolio. Unrealized gains and losses are recognized in current period earnings in the "Unrealized gain/(loss) on derivative and other instruments, net" line item. The gross unrealized gains/(losses) columns below represent inception to date unrealized gains/(losses).

The following table presents detail on the Company's Excess MSR portfolio on March 31, 2019 (in thousands).

			Gross Unrealized			Weighted Average	
	Unpaid Principal Balance	Amortized Cost	Gains	Losses	Fair Value	Yield	Life (Years) (1)
Agency Excess MSRs	$ 3,476,642	$ 24,646	$ 628	$ (1,176)	$ 24,098	9.22%	6.45
Credit Excess MSRs	39,912	203	2	(2)	203	24.56%	5.08
Total Excess MSRs	$ 3,516,554	$ 24,849	$ 630	$ (1,178)	$ 24,301	9.41%	6.43

(1) This is based on projected life. Actual maturities of Excess MSRs may be shorter than stated contractual maturities. Maturities are affected by prepayments of principal.

The following table presents detail on the Company's Excess MSR portfolio on December 31, 2018 (in thousands).

	Unpaid Principal Balance	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average	
			Gains	Losses		Yield	Life (Years) (1)
Agency Excess MSRs	$ 3,564,527	$ 26,182	$ 1,081	$ (821)	$ 26,442	10.43%	6.77
Credit Excess MSRs	41,231	215	—	(7)	208	24.09%	5.02
Total Excess MSRs	$ 3,605,758	$ 26,397	$ 1,081	$ (828)	$ 26,650	10.62%	6.75

(1) This is based on projected life. Actual maturities of Excess MSRs may be shorter than stated contractual maturities. Maturities are affected by prepayments of principal.

As described in Note 2, the Company evaluates securities for OTTI on at least a quarterly basis. The determination of whether an Excess MSR is other-than-temporarily impaired involves judgments and assumptions based on subjective and objective factors. When the fair value of an Excess MSR is less than its amortized cost at the balance sheet date, the Excess MSR is considered impaired, and the impairment is designated as either "temporary" or "other-than-temporary." For the three months ended March 31, 2019, the Company recognized an OTTI charge of $0.6 million on its Excess MSRs, which is included in the "Net realized gain/(loss)" line item on the consolidated statement of operations. Of the $0.6 million of OTTI recorded for the three months ended March 31, 2019, $0.1 million was related to Excess MSRs where OTTI was not recognized in a prior year. No OTTI was recorded for the three months ended March 31, 2018.

6. Single-family rental properties

In September 2018, the Company purchased 1,225 single-family rental properties for $140.9 million. The Company also financed the portfolio with $103.0 million of 5-year, fixed rate debt. The carrying amount of the properties included $1.3 million of capitalized acquisition costs.

The following table presents the net carrying amount associated with the Company's properties by component (in thousands).

	March 31, 2019	December 31, 2018
Land	$ 29,104	$ 29,104
Building and improvements	110,468	109,812
In-place lease intangibles	2,097	2,098
Single-family rental properties	141,669	141,014
Less: Accumulated depreciation and amortization	(3,783)	(2,336)
Single-family rental properties, net	$ 137,886	$ 138,678

During the three months ended March 31, 2019, the Company recognized $0.9 million of depreciation expense related to buildings and improvements. The Company also recognized $0.5 million of amortization related to in-place lease intangible assets. The weighted average life of the in-place lease intangibles at purchase is 3.3 months and the Company expects to fully amortize these assets over that time period. These amounts are included in the "Property depreciation and amortization" line item in the consolidated statement of operations.

During the three months ended March 31, 2019, the Company incurred $1.6 million of expenses relating to operating and maintenance and $0.2 million of property management fees. These expenses are included in the "Property operating expenses" line item in the consolidated statement of operations.

The following table presents a schedule of non-cancellable, contractual, future minimum rent under leases at March 31, 2019 (in thousands). These rental payments are based on contractual cash receipts.

Period Ending December 31,		Amount
2019 (last 9 months)	$	6,127
2020		749
2021		4
2022		1
Total	$	6,881

7. Fair value measurements

As described in Note 2, the fair value of financial instruments that are recorded at fair value will be determined by the Manager, subject to oversight of the Company's Board of Directors, and in accordance with ASC 820, "Fair Value Measurements and Disclosures." When possible, the Company determines fair value using independent data sources. ASC 820 establishes a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable.

Values for the Company's securities, Excess MSRs, securitized debt, derivatives and U.S. Treasury securities are based upon prices obtained from third party pricing services, which are indicative of market activity. The fair value of the Company's obligation to return securities borrowed under reverse repurchase agreements is based upon the value of the underlying borrowed U.S. Treasury securities as of the reporting date. The evaluation methodology of the Company's third-party pricing services incorporates commonly used market pricing methods, including a spread measurement to various indices such as the one-year constant maturity treasury and LIBOR, which are observable inputs. The evaluation also considers the underlying characteristics of each investment, which are also observable inputs, including: coupon; maturity date; loan age; reset date; collateral type; periodic and life cap; geography; and prepayment speeds. The Company collects and considers current market intelligence on all major markets, including benchmark security evaluations and bid-lists from various sources, when available. As part of the Company's risk management process, the Company reviews and analyzes all prices obtained by comparing prices to recently completed transactions involving the same or similar investments on or near the reporting date. If, in the opinion of the Manager, one or more prices reported to the Company are not reliable or unavailable, the Manager reviews the fair value based on characteristics of the investment it receives from the issuer and available market information.

In valuing its derivatives, the Company considers the creditworthiness of both the Company and its counterparties, along with collateral provisions contained in each derivative agreement, from the perspective of both the Company and its counterparties. All of the Company's derivatives are either subject to bilateral collateral arrangements or clearing in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd Frank Act"). For swaps cleared under the Dodd Frank Act, a Central Counterparty Clearing House ("CCCH") now stands between the Company and the over-the-counter derivative counterparties. In order to access clearing, the Company has entered into clearing agreements with Futures Commissions Merchants ("FCMs").

Beginning in the first quarter of 2017, as a result of a CCCH amendment to its rule book governing central clearing activities, the daily exchange of variation margin associated with a CCCH centrally cleared derivative instrument is legally characterized as the daily settlement of the derivative instrument itself, as opposed to a pledge of collateral. Accordingly, beginning in 2017, the Company accounts for the daily receipt or payment of variation margin associated with its centrally cleared interest rate swaps and futures as a direct reduction to the carrying value of the interest rate swap and future derivative asset or liability, respectively. Beginning in 2017, the carrying amount of centrally cleared interest rate swaps and futures reflected in the Company's consolidated balance sheets is equal to the unsettled fair value of such instruments. See Note 9 for more information.

The fair value of the Company's mortgage loans considers data such as loan origination information, additional updated borrower information, loan servicing data, as available, forward interest rates, general economic conditions, home price index forecasts and valuations of the underlying properties. The variables considered most significant to the determination of the fair value of the Company's mortgage loans include market-implied discount rates, projections of default rates, delinquency rates, prepayment rates and loss severity (considering mortgage insurance). Projections of default and prepayment rates are impacted by other variables such as reperformance rates and timeline to liquidation. The Company uses loan level data and macro-economic inputs to generate loss adjusted cash flows and other information in determining the fair value of its mortgage loans. Because of the inherent uncertainty of such valuation, the fair values established for mortgage loans held by the Company may differ from the fair values that would have been established if a ready market existed for these mortgage loans. Accordingly, mortgage loans are classified as Level 3 in the fair value hierarchy.

The Manager may also engage specialized third party valuation service providers to assess and corroborate the valuation of a selection of investments in the Company's loan portfolio on a periodic basis. These specialized third party valuation service providers conduct independent valuation analyses based on a review of source documents, available market data, and comparable investments. The analyses provided by valuation service providers are reviewed and considered by the Manager.

TBA instruments are similar in form to the Company's Agency RMBS portfolio, and the Company therefore estimates fair value based on similar methods.

Cash equivalents include investments in money market funds that invest primarily in short-term U.S. Treasury and Agency securities. These cash equivalent instruments are valued at their market quoted prices, which generally approximate cost plus accrued interest and are generally categorized as Level 1.

The Company entered into a resecuritization transaction that resulted in the Company consolidating a VIE created with the SPE which was used to facilitate the transaction. The Company categorizes the fair value measurement of the consolidated tranche as Level 3.

In December 2015, the Company, alongside private funds under the management of Angelo Gordon, through AG Arc, formed Arc Home. The Company invests in Arc Home through AG Arc. In June 2016, Arc Home closed on the acquisition of a Fannie Mae, Freddie Mac, FHA, VA and Ginnie Mae seller/servicer of residential mortgages. Through this subsidiary, Arc Home originates conforming, Government, Jumbo and other non-conforming residential mortgage loans, retains the mortgage servicing rights associated with the loans it originates, and purchases additional mortgage servicing rights from third-party sellers. As a result of this acquisition, the Company transferred its investment in AG Arc from Level 1 into Level 3.

The following table presents the Company's financial instruments measured at fair value on a recurring basis as of March 31, 2019 (in thousands):

	Fair Value at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Agency RMBS:				
30 Year Fixed Rate	$ —	$ 2,139,981	$ —	$ 2,139,981
Fixed Rate CMO	—	42,911	—	42,911
Interest Only	—	105,089	—	105,089
Credit Investments:				
Non-Agency RMBS	—	150,736	506,103	656,839
Non-Agency RMBS Interest Only	—	—	2,501	2,501
ABS	—	—	20,199	20,199
CMBS	—	14,102	212,904	227,006
CMBS Interest Only	—	—	49,397	49,397
Residential mortgage loans	—	—	202,047	202,047
Commercial loans	—	—	110,223	110,223
Excess mortgage servicing rights	—	—	24,301	24,301
Cash equivalents	35,870	—	—	35,870
Derivative assets	—	4,149	—	4,149
AG Arc	—	—	23,775	23,775
Total Assets Measured at Fair Value	$ 35,870	$ 2,456,968	$ 1,151,450	$ 3,644,288
Liabilities:				
Securitized debt	$ —	$ —	$ (10,515)	$ (10,515)
Derivative liabilities	—	(1,290)	—	(1,290)
Total Liabilities Measured at Fair Value	$ —	$ (1,290)	$ (10,515)	$ (11,805)

The following table presents the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2018 (in thousands):

	Fair value at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Agency RMBS:				
30 Year Fixed Rate	$ —	$ 1,830,115	$ —	$ 1,830,115
Fixed Rate CMO	—	44,357	—	44,357
Interest Only	—	113,808	—	113,808
Credit Investments:				
Non-Agency RMBS	—	130,697	491,554	622,251
Non-Agency RMBS Interest Only	—	—	3,099	3,099
ABS	—	—	21,160	21,160
CMBS	—	—	211,054	211,054
CMBS Interest Only	—	—	50,331	50,331
Residential mortgage loans	—	—	186,096	186,096
Commercial loans	—	—	98,574	98,574
Excess mortgage servicing rights	—	—	26,650	26,650
Cash equivalents	595	—	—	595
Derivative assets	—	1,729	—	1,729
AG Arc	—	—	20,360	20,360
Total Assets Measured at Fair Value	$ 595	$ 2,120,706	$ 1,108,878	$ 3,230,179
Liabilities:				
Securitized debt	$ —	$ —	$ (10,858)	$ (10,858)
Securities borrowed under reverse repurchase agreements	—	(11,378)	—	(11,378)
Derivative liabilities	—	(317)	—	(317)
Total Liabilities Measured at Fair Value	$ —	$ (11,695)	$ (10,858)	$ (22,553)

The Company did not have any transfers of assets or liabilities between Levels 1 and 2 of the fair value hierarchy during the three months ended March 31, 2019 and March 31, 2018.

Refer to the tables below for details on transfers between the Level 3 and Level 2 categories under ASC 820. Transfers into the Level 3 category of the fair value hierarchy occur due to instruments exhibiting indications of reduced levels of market transparency. Transfers out of the Level 3 category of the fair value hierarchy occur due to instruments exhibiting indications of increased levels of market transparency. Indications of increases or decreases in levels of market transparency include a change in observable transactions or executable quotes involving these instruments or similar instruments. Changes in these indications could impact price transparency, and thereby cause a change in level designations in future periods.

The following tables present additional information about the Company's assets and liabilities which are measured at fair value on a recurring basis for which the Company has utilized Level 3 inputs to determine fair value:

Three Months Ended
March 31, 2019
(in thousands)

	Non-Agency RMBS	Non-Agency RMBS Interest Only	ABS	CMBS	CMBS Interest Only	Residential Mortgage Loans	Commercial Loans	Excess Mortgage Servicing Rights	AG Arc	Securitized debt
Beginning balance	$ 491,554	$ 3,099	$ 21,160	$ 211,054	$ 50,331	$ 186,096	$ 98,574	$ 26,650	$ 20,360	$ (10,858)
Transfers (1):										
Transfers into level 3	30,980	—	—	—	—	—	—	—	—	—
Transfers out of level 3	(61,531)	—	—	(5,280)	—	—	—	—	—	—
Purchases/Transfers	79,066	—	339	19,789	—	19,745	21,516	—	—	—
Capital contributions	—	—	—	—	—	—	—	—	6,689	—
Proceeds from sales/redemptions	(34,636)	—	(1,283)	(6,068)	—	(75)	—	—	—	—
Proceeds from settlement	(5,300)	—	(549)	(15,364)	—	(4,038)	(10,417)	—	—	317
Total net gains/(losses) (2)										
Included in net income	5,970	(598)	532	8,773	(934)	319	550	(2,349)	(3,274)	26
Ending Balance	$ 506,103	$ 2,501	$ 20,199	$ 212,904	$ 49,397	$ 202,047	$ 110,223	$ 24,301	$ 23,775	$ (10,515)
Change in unrealized appreciation/(depreciation) for level 3 assets/liabilities still held as of March 31, 2019 (3)	$ 4,979	$ (598)	$ 467	$ 5,404	$ (934)	$ 145	$ 550	$ (1,736)	$ (3,274)	$ 26

(1) Transfers are assumed to occur at the beginning of the period. During the three months ended March 31, 2019, the Company transferred 4 Non-Agency RMBS securities into the Level 3 category from the Level 2 category and 6 Non-Agency RMBS and 2 CMBS securities into the Level 2 category from the Level 3 category under the fair value hierarchy of ASC 820.
(2) Gains/(losses) are recorded in the following line items in the consolidated statement of operations:

Unrealized gain/(loss) on real estate securities and loans, net	$ 11,414
Unrealized gain/(loss) on derivative and other instruments, net	(2,323)
Net realized gain/(loss)	3,198
Equity in earnings/(loss) from affiliates	(3,274)
Total	$ 9,015

(3) Unrealized gains/(losses) are recorded in the following line items in the consolidated statement of operations:

Unrealized gain/(loss) on real estate securities and loans, net	$ 10,013
Unrealized gain/(loss) on derivative and other instruments, net	(1,710)
Equity in earnings/(loss) from affiliates	(3,274)
Total	$ 5,029

Three Months Ended
March 31, 2018
(in thousands)

	Non-Agency RMBS	Non-Agency RMBS Interest Only	ABS	CMBS	CMBS Interest Only	Residential Mortgage Loans	Commercial Loans	Excess Mortgage Servicing Rights	AG Arc	Securitized debt
Beginning balance	$ 845,424	$ 2,662	$ 40,958	$ 161,250	$ 50,702	$ 18,890	$ 57,521	$ 5,084	$ 17,911	$ (16,478)
Transfers (1):										
Transfers into level 3	8,034	—	—	—	—	—	—	—	—	—
Transfers out of level 3	—	—	—	(6,951)	—	—	—	—	—	—
Purchases/Transfers	91,586	—	2,968	30,200	—	—	—	25,371	—	—
Sales/Transfers	(178,121)	—	—	—	—	—	—	—	—	—
Proceeds from settlement	(37,951)	—	(7,974)	(904)	—	(183)	—	(333)	—	994
Total net gains/(losses) (2)										
Included in net income	1,947	251	(114)	(625)	(2,077)	1,165	145	625	527	(13)
Ending Balance	$ 730,919	$ 2,913	$ 35,838	$ 182,970	$ 48,625	$ 19,872	$ 57,666	$ 30,747	$ 18,438	$ (15,497)
Change in unrealized appreciation/(depreciation) for level 3 assets/liabilities still held as of March 31, 2018 (3)	$ 1,025	$ 271	$ (95)	$ (625)	$ (2,077)	$ 1,165	$ 145	$ 625	$ 527	$ (13)

(1) Transfers are assumed to occur at the beginning of the period. During the three months ended March 31, 2018, the Company transferred 1 Non-Agency RMBS security into the Level 3 category from the Level 2 and 1 CMBS security into the Level 2 category from the Level 3 category under the fair value hierarchy of ASC 820.
(2) Gains/(losses) are recorded in the following line items in the consolidated statement of operations:

Unrealized gain/(loss) on real estate securities and loans, net	$ (3,323)
Unrealized gain/(loss) on derivative and other instruments, net	(13)
Net realized gain/(loss)	4,641
Equity in earnings/(loss) from affiliates	527
Total	$ 1,832

(3) Unrealized gains/(losses) are recorded in the following line items in the consolidated statement of operations:

Unrealized gain/(loss) on real estate securities and loans, net	$ 434
Unrealized gain/(loss) on derivative and other instruments, net	(13)
Equity in earnings/(loss) from affiliates	527
Total	$ 948

The following tables present a summary of quantitative information about the significant unobservable inputs used in the fair value measurement of investments for which the Company has utilized Level 3 inputs to determine fair value.

Asset Class	Fair Value at March 31, 2019 (in thousands)		Valuation Technique	Unobservable Input	Range (Weighted Average)
Non-Agency RMBS				Yield	1.43% - 20.00% (5.26%)
	$	497,679	Discounted Cash Flow	Projected Collateral Prepayments	0.00% - 100.00% (15.68%)
				Projected Collateral Losses	0.00% - 30.00% (2.08%)
				Projected Collateral Severities	-16.49% - 100.00% (23.90%)
	$	8,424	Consensus Pricing	Offered Quotes	89.89 - 94.89 (91.95)
Non-Agency RMBS Interest Only				Yield	7.00% - 27.50% (20.24%)
	$	2,501	Discounted Cash Flow	Projected Collateral Prepayments	3.25% - 18.00% (13.60%)
				Projected Collateral Losses	0.75% - 2.00% (1.59%)
				Projected Collateral Severities	20.00% - 65.00% (35.66%)
ABS			Discounted Cash Flow	Projected Collateral Prepayments	20.00% - 20.00% (20.00%)
	$	12,594		Projected Collateral Losses	2.00% - 2.00% (2.00%)
				Projected Collateral Severities	50.00% - 50.00% (50.00%)
	$	7,605	Consensus Pricing	Offered Quotes	100.00 - 100.00 (100.00)
CMBS				Yield	4.49% - 14.16% (7.43%)
	$	212,904	Discounted Cash Flow	Projected Collateral Prepayments	0.00% - 0.00% (0.00%)
				Projected Collateral Losses	0.00% - 0.00% (0.00%)
				Projected Collateral Severities	0.00% - 0.00% (0.00%)
CMBS Interest Only				Yield	3.41% - 10.51% (4.69%)
	$	49,397	Discounted Cash Flow	Projected Collateral Prepayments	99.00% - 100.00% (99.92%)
				Projected Collateral Losses	0.00% - 0.00% (0.00%)
				Projected Collateral Severities	0.00% - 0.00% (0.00%)
Residential Mortgage Loans				Yield	6.00% - 8.50% (6.19%)
	$	84,217	Discounted Cash Flow	Projected Collateral Prepayments	5.48% - 8.37% (8.00%)
				Projected Collateral Losses	1.51% - 4.11% (1.80%)
				Projected Collateral Severities	2.41% - 29.85% (6.09%)
	$	117,830	Recent Transaction	Cost	N/A
Commercial Loans				Yield	7.23% - 14.04% (8.15%)
	$	37,930	Discounted Cash Flow	Credit Spread	475 bps - 900 bps (532.48 bps)
				Recovery Percentage (1)	100.00% - 100.00% (100.00%)
	$	72,293	Consensus Pricing	Offered Quotes	100.00 - 100.00 (100.00)
Excess Mortgage Servicing Rights				Yield	8.50% - 11.62% (9.19%)
	$	24,098	Discounted Cash Flow	Projected Collateral Prepayments	6.96% - 12.33% (9.69%)
	$	203	Consensus Pricing	Offered Quotes	0.02 - 0.49 (0.47)
AG Arc	$	23,775	Comparable Multiple	Book Value Multiple	1.0x - 1.0x (1.0x)

Liability Class	Fair Value at March 31, 2019 (in thousands)		Valuation Technique	Unobservable Input	Range (Weighted Average)
Securitized debt				Yield	3.80% - 3.80% (3.80%)
	$	(10,515)	Discounted Cash Flow	Projected Collateral Prepayments	10.00% - 10.00% (10.00%)
				Projected Collateral Losses	3.50% - 3.50% (3.50%)
				Projected Collateral Severities	45.00% - 45.00% (45.00%)

(1) Represents the proportion of the principal expected to be collected relative to the loan balances as of March 31, 2019.

Asset Class		Fair Value at December 31, 2018 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted Average)
Non-Agency RMBS	$	475,927	Discounted Cash Flow	Yield	3.32% - 20.00% (5.34%)
				Projected Collateral Prepayments	0.00% - 100.00% (13.66%)
				Projected Collateral Losses	0.00% - 30.00% (2.24%)
				Projected Collateral Severities	-0.43% - 100.00% (26.30%)
	$	15,627	Consensus Pricing	Offered Quotes	86.57 - 97.39 (92.43)
Non-Agency RMBS Interest Only	$	3,099	Discounted Cash Flow	Yield	7.00% - 35.00% (27.37%)
				Projected Collateral Prepayments	9.50% - 18.00% (15.70%)
				Projected Collateral Losses	0.75% - 2.00% (1.53%)
				Projected Collateral Severities	20.00% - 65.00% (34.04%)
ABS	$	13,346	Discounted Cash Flow	Projected Collateral Prepayments	20.00% - 20.00% (20.00%)
				Projected Collateral Losses	2.00% - 2.00% (2.00%)
				Projected Collateral Severities	50.00% - 50.00% (50.00%)
	$	7,814	Consensus Pricing	Offered Quotes	100.00 - 100.00 (100.00)
CMBS	$	208,228	Discounted Cash Flow	Yield	4.99% - 14.51% (7.91%)
				Projected Collateral Prepayments	0.00% - 0.00% (0.00%)
				Projected Collateral Losses	0.00% - 0.50% (0.02%)
				Projected Collateral Severities	0.00% - 25.00% (1.05%)
	$	2,826	Consensus Pricing	Offered Quotes	4.83 - 8.88 (7.87)
CMBS Interest Only	$	50,331	Discounted Cash Flow	Yield	3.67% - 10.79% (4.93%)
				Projected Collateral Prepayments	99.00% - 100.00% (99.92%)
				Projected Collateral Losses	0.00% - 0.00% (0.00%)
				Projected Collateral Severities	0.00% - 0.00% (0.00%)
Residential Mortgage Loans	$	86,813	Discounted Cash Flow	Yield	5.92% - 9.00% (6.33%)
				Projected Collateral Prepayments	4.99% - 8.37% (7.95%)
				Projected Collateral Losses	1.43% - 5.83% (1.94%)
				Projected Collateral Severities	6.28% - 32.19% (8.13%)
	$	99,283	Recent Transaction	Cost	N/A
Commercial Loans	$	32,800	Discounted Cash Flow	Yield	7.51% - 7.51% (7.51%)
				Credit Spread	475 bps - 475 bps (475 bps)
				Recovery Percentage (1)	100.00% - 100.00% (100.00%)
	$	65,774	Consensus Pricing	Offered Quotes	100.00 - 100.00 (100.00)
Excess Mortgage Servicing Rights	$	26,442	Discounted Cash Flow	Yield	8.50% - 11.62% (9.18%)
				Projected Collateral Prepayments	6.31% - 10.12% (8.47%)
	$	208	Consensus Pricing	Offered Quotes	0.02 - 0.49 (0.47)
AG Arc	$	20,360	Comparable Multiple	Book Value Multiple	1.0x - 1.0x (1.0x)

Liability Class		Fair Value at December 31, 2018 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted Average)
Securitized debt	$	(10,858)	Discounted Cash Flow	Yield	4.09% - 4.09% (4.09%)
				Projected Collateral Prepayments	10.00% - 10.00% (10.00%)
				Projected Collateral Losses	3.50% - 3.50% (3.50%)
				Projected Collateral Severities	45.00% - 45.00% (45.00%)

(1) Represents the proportion of the principal expected to be collected relative to the loan balances as of December 31, 2018.

As further described above, values for the Company's securities portfolio are based upon prices obtained from third-party pricing services. Broker quotations may also be used. The significant unobservable inputs used in the fair value measurement of the Company's securities are prepayment rates, probability of default, and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Also, as described above, valuation of the Company's loan portfolio is determined by the Manager using third-party pricing services where available, specialized third party valuation service providers, or model-based pricing. The evaluation considers the underlying characteristics of each loan, which are observable inputs, including: coupon, maturity date, loan age, reset date, collateral type, periodic and life cap, geography, and prepayment speeds. These valuations also require significant judgments, which include assumptions regarding capitalization rates, re-performance rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders and other factors deemed necessary by management. Changes in the market environment and other events that may occur over the life of our investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently estimated. If applicable, analyses provided by valuation service providers are reviewed and considered by the Manager.

8. Financing arrangements

The following table presents a summary of the Company's financing arrangements as of March 31, 2019 and December 31, 2018 (in thousands).

	March 31, 2019		December 31, 2018	
Repurchase agreements	$	2,984,198	$	2,595,873
Term loan, net		102,074		102,017
Revolving facilities		128,637		124,615
Financing arrangements, net	$	3,214,909	$	2,822,505

Repurchase agreements

A vast majority of the Company's financing arrangements are effectuated through repurchase agreements. The Company pledges certain real estate securities and loans as collateral under repurchase agreements with financial institutions, the terms and conditions of which are negotiated on a transaction-by-transaction basis. Repurchase agreements involve the sale and a simultaneous agreement to repurchase the transferred assets or similar assets at a future date. The amount borrowed generally is equal to the fair value of the assets pledged less an agreed-upon discount, referred to as a "haircut." The Company calculates haircuts disclosed in the tables below by dividing allocated capital on each borrowing by the current fair market value of each investment. Repurchase agreements entered into by the Company are accounted for as financings and require the repurchase of the transferred assets at the end of each agreement’s term, typically 30 to 90 days. The carrying amount of the Company’s repurchase agreements approximates fair value due to their short-term maturities or floating rate coupons. If the Company maintains the beneficial interest in the specific assets pledged during the term of the borrowing, it receives the related principal and interest payments. If the Company does not maintain the beneficial interest in the specific assets pledged during the term of the borrowing, it will have the related principal and interest payments remitted to it by the lender. Interest rates on these borrowings are fixed based on prevailing rates corresponding to the terms of the borrowings, and interest is paid at the termination of the borrowing at which time the Company may enter into a new borrowing arrangement at prevailing market rates with the same counterparty or repay that counterparty and negotiate financing with a different counterparty. If the fair value of pledged assets declines due to changes in market conditions or the publishing of monthly security paydown factors, lenders typically would require the Company to post additional securities as collateral, pay down borrowings or establish cash margin accounts with the counterparties in order to re-establish the agreed-upon collateral requirements, referred to as margin calls. The fair value of financial instruments pledged as collateral on the Company’s repurchase agreements disclosed in the tables below represent the Company’s fair value of such instruments which may differ from the fair value assigned to the collateral by its counterparties. The Company maintains a level of liquidity in the form of cash and unpledged Agency RMBS and Agency Interest-Only securities in order to meet these obligations. Under the terms of the Company’s master repurchase agreements, the counterparties may, in certain cases, sell or re-hypothecate the pledged collateral. If the fair market value of pledged assets increases due to changes in market conditions, counterparties may be required to return collateral to us in the form of securities or cash or post additional collateral to us.

The following table presents a summary of financial information regarding the Company's repurchase agreements and corresponding real estate securities pledged as collateral as of March 31, 2019 (in thousands):

	Repurchase Agreements			Financial Instruments Pledged		
Repurchase Agreements Maturing Within:	**Balance**	**Weighted Average Rate**	**Weighted Average Haircut**	**Fair Value Pledged**	**Amortized Cost**	**Accrued Interest**
Overnight	$ 68,515	2.85%	3.2%	$ 70,766	$ 69,401	$ 229
30 days or less	1,607,956	3.01%	10.7%	1,815,263	1,704,137	7,270
31-60 days	613,755	2.91%	9.4%	685,042	653,039	2,033
61-90 days	588,157	2.79%	7.7%	640,893	621,399	2,134
91-180 days	433	4.74%	18.9%	534	375	1
Greater than 180 days	4,594	4.49%	22.7%	6,886	6,564	5
Total / Weighted Average	$ 2,883,410	2.94%	9.7%	$ 3,219,384	$ 3,054,915	$ 11,672

The following table presents a summary of financial information regarding the Company's repurchase agreements and corresponding real estate securities pledged as collateral as of December 31, 2018 (in thousands):

	Repurchase Agreements			Financial Instruments Pledged		
Repurchase Agreements Maturing Within:	**Balance**	**Weighted Average Rate**	**Weighted Average Haircut**	**Fair Value Pledged**	**Amortized Cost**	**Accrued Interest**
Overnight	$ 52,385	3.92%	3.0%	$ 54,032	$ 53,848	$ 177
30 days or less	1,555,709	2.80%	9.7%	1,733,753	1,698,750	7,294
31-60 days	852,017	2.85%	8.1%	939,222	925,418	3,123
61-90 days	46,594	3.89%	21.4%	59,319	58,422	306
Greater than 180 days	5,406	4.53%	23.1%	7,977	7,387	6
Total / Weighted Average	$ 2,512,111	2.86%	9.3%	$ 2,794,303	$ 2,743,825	$ 10,906

The following table presents a summary of financial information regarding the Company's repurchase agreements and corresponding residential mortgage loans pledged as collateral as of March 31, 2019 (in thousands):

	Repurchase Agreements				Financial Instruments Pledged		
Repurchase Agreements Maturing Within:	**Balance**	**Weighted Average Rate**	**Weighted Average Funding Cost**	**Weighted Average Haircut**	**Fair Value Pledged**	**Amortized Cost**	**Accrued Interest**
Greater than 180 days	$ 99,185	4.29%	4.38%	16.7%	$ 117,830	$ 118,497	$ 111

The following table presents a summary of financial information regarding the Company's repurchase agreements and corresponding residential mortgage loans pledged as collateral as of December 31, 2018 (in thousands):

	Repurchase Agreements				Financial Instruments Pledged		
Repurchase Agreements Maturing Within:	**Balance**	**Weighted Average Rate**	**Weighted Average Funding Cost**	**Weighted Average Haircut**	**Fair Value Pledged**	**Amortized Cost**	**Accrued Interest**
Greater than 180 days	$ 83,762	4.27%	4.37%	15.6%	$ 99,283	$ 99,457	$ 91

The following table presents a summary of financial information regarding the Company's repurchase agreements and corresponding commercial loans pledged as collateral as of March 31, 2019 (in thousands):

	Repurchase Agreements				Financial Instruments Pledged		
Repurchase Agreements Maturing Within:	**Balance**	**Weighted Average Rate**	**Weighted Average Funding Cost**	**Weighted Average Haircut**	**Fair Value Pledged**	**Amortized Cost**	**Accrued Interest**
Greater than 180 days	$ 1,603	5.24%	7.42%	35.0%	$ 2,467	$ 2,467	$ 15

There were no repurchase agreements and corresponding commercial loans pledged as collateral as of December 31, 2018.

Although repurchase agreements are committed borrowings until maturity, the lender retains the right to mark the underlying collateral to fair value. A reduction in the value of pledged assets resulting from changes in market conditions or factor changes would require the Company to provide additional collateral or cash to fund margin calls. See Note 9 for details on collateral posted/received against certain derivatives. The following table presents information with respect to the Company's posting of collateral under repurchase agreements on March 31, 2019 and December 31, 2018, broken out by investment type (in thousands):

	March 31, 2019	December 31, 2018
Fair Value of investments pledged as collateral under repurchase agreements		
Agency RMBS	$ 2,231,482	$ 1,927,359
Non-Agency RMBS	640,396	605,243
ABS	12,594	13,346
CMBS	266,689	248,355
Residential Mortgage Loans	117,830	99,283
Commercial Loans	2,467	—
Cash pledged (i.e., restricted cash) under repurchase agreements	6,232	20,267
Fair Value of unsettled trades pledged as collateral under repurchase agreements	68,223	—
Total collateral pledged under repurchase agreements	$ 3,345,913	$ 2,913,853

The following table presents the fair value of collateral posted to us under repurchase agreements by lenders (in thousands):

	March 31, 2019	December 31, 2018
Fair Value of investments posted to us under repurchase agreements:		
Agency RMBS	$ 2,927	$ 1,534
U.S. Treasury Securities	3,510	1,123
Total collateral posted to us under repurchase agreements	$ 6,437	$ 2,657

The following table presents information with respect to the Company's total borrowings under repurchase agreements on March 31, 2019 and December 31, 2018, broken out by investment type (in thousands):

	March 31, 2019	December 31, 2018
Repurchase agreements secured by investments:		
Agency RMBS	$ 2,164,542	$ 1,805,054
Non-Agency RMBS	507,790	499,851
ABS	9,480	10,548
CMBS	201,598	196,658
Residential Mortgage Loans	99,185	83,762
Commercial Loans	1,603	—
Gross Liability for repurchase agreements	$ 2,984,198	$ 2,595,873

The following table presents both gross information and net information about repurchase agreements eligible for offset in the consolidated balance sheets as of March 31, 2019 (in thousands):

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets: Financial Instruments Posted	Gross Amounts Not Offset in the Consolidated Balance Sheets: Cash Collateral Posted	Net Amount
Repurchase agreements	$ 2,984,198	$ —	$ 2,984,198	$ 2,984,198	$ —	$ —

The following table presents both gross information and net information about repurchase agreements eligible for offset in the consolidated balance sheets as of December 31, 2018 (in thousands):

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets: Financial Instruments Posted	Gross Amounts Not Offset in the Consolidated Balance Sheets: Cash Collateral Posted	Net Amount
Repurchase agreements	$ 2,595,873	$ —	$ 2,595,873	$ 2,595,873	$ —	$ —

Term loan and revolving facilities

The following table presents information regarding the Company's term loan and revolving facilities, excluding facilities within investments in debt and equity of affiliates, as of March 31, 2019 and December 31, 2018 (in thousands).

			March 31, 2019					December 31, 2018			
Facility (1)	Investment	Maturity Date	Rate	Funding Cost	Balance	Net Carrying Value of Assets Pledged as Collateral	Maximum Aggregate Borrowing Capacity	Rate	Funding Cost	Balance	Net Carrying Value of Assets Pledged as Collateral
Term loan, net (2)	Single-family rental properties	October 10, 2023	4.63%	4.80%	$ 102,074	$ 137,886	$ 103,000	4.63%	4.80%	$ 102,017	$ 138,678
Revolving facility A (4)	Commercial loans	July 1, 2019	4.64%	4.64%	$ 21,796	$ 32,800	$ 21,796	4.66%	4.66%	$ 21,796	$ 32,800
Revolving facility B (3)(4)	Residential mortgage loans	June 15, 2020	4.50%	4.50%	62,285	83,413	110,000	4.53%	4.54%	63,328	85,343
Revolving facility C (3)(4)	Commercial loans	August 10, 2023	4.58%	4.83%	44,556	63,008	100,000	4.53%	4.80%	39,491	55,357
Total revolving facilities					$ 128,637	$ 179,221	$ 231,796			$ 124,615	$ 173,500
Total term loan and revolving facilities					$ 230,711	$ 317,107	$ 334,796			$ 226,632	$ 312,178

(1) The term loan and all revolving facilities listed above are interest only until maturity.
(2) As of March 31, 2019 and December 31, 2018, the total borrowings under the term loan is $103.0 million, which is shown net of deferred financing costs of $0.9 million and $1.0 million, respectively.
(3) Increasing the Company's borrowing capacity under this facility requires consent of the lender.
(4) Under the terms of the Company's financing agreements, the Company's financial counterparties may, in certain cases, sell or re-hypothecate the pledged collateral.

In September 2018, SFR MT LLC, a subsidiary of the Company, entered into an agreement with an insurance company to finance the ownership and acquisition of Single-family rental properties (the "term loan"). The financing has a fixed rate of 4.625%. This financing arrangement contains representations, warranties, covenants, including financial covenants, events of default and indemnities that are customary for agreements of this type.

On September 17, 2014, AG MIT CREL, LLC ("AG MIT CREL"), a subsidiary of the Company, entered into a Master Repurchase Agreement and Securities Contract (the "CREL Repurchase Agreement" or "Revolving facility A") with Wells Fargo to finance certain commercial loans. Each transaction under the CREL Repurchase Agreement will have its own specific terms, such as identification of the assets subject to the transaction, sale price, repurchase price and rate. The CREL Repurchase Agreement contains representations, warranties, covenants, including financial covenants, events of default and indemnities that are customary for agreements of this type.

In June 2018, AG MIT WFB1 2014 LLC ("AG MIT WFB1"), a subsidiary of the Company, entered into Amendments Seven and Eight of the Master Repurchase Agreement and Securities Contract (as amended, the "WFB1 Repurchase Agreement" or "Revolving facility B") with Wells Fargo to finance the ownership and acquisition of certain pools of residential mortgage loans. The WFB1 Repurchase Agreement provides for a funding period ending June 14, 2019 and a facility termination date of June 15, 2020. The WFB1 Repurchase Agreement contains representations, warranties, covenants, including financial covenants, events of default and indemnities that are customary for agreements of this type. In the event the debt outstanding under the WFB1 Repurchase Agreement falls below $7.0 million, a cash trap trigger event will occur in which all income payments received by Wells Fargo will be applied against the outstanding balance until the WFB1 Repurchase Agreement is paid off.

In August 2018, AG MIT CREL II, LLC, a subsidiary of the Company, entered into a Master Repurchase Agreement with JP Morgan (the "JPM Repurchase Agreement" or "Revolving facility C") to finance certain commercial loans. The JPM Repurchase Agreement contains representations, warranties, covenants, including financial covenants, events of default and indemnities that are customary for agreements of this type.

Financing arrangements

The Company seeks to obtain financing from several different counterparties in order to reduce the financing risk related to any single counterparty. The Company has entered into master repurchase agreements ("MRAs") or loan agreements with such financing counterparties. As of March 31, 2019 and December 31, 2018 the Company had 44 financing counterparties under which it had outstanding debt with 32 and 31 counterparties, respectively.

The following table presents information at March 31, 2019 with respect to each counterparty that provides the Company with financing for which the Company had greater than 5% of its stockholders' equity at risk, excluding stockholders' equity at risk under financing through affiliated entities (in thousands).

Counterparty	Stockholders' Equity at Risk (in thousands)	Weighted Average Maturity (days)	Percentage of Stockholders' Equity
Barclays Capital Inc	$ 53,089	295	7%

The following table presents information at December 31, 2018 with respect to each counterparty that provides the Company with financing for which the Company had greater than 5% of its stockholders' equity at risk, excluding stockholders' equity at risk under financing through affiliated entities (in thousands).

Counterparty	Stockholders' Equity at Risk (in thousands)	Weighted Average Maturity (days)	Percentage of Stockholders' Equity
Barclays Capital Inc	$ 40,882	356	6%

The Company's financing arrangements generally include customary representations, warranties, and covenants, but may also contain more restrictive supplemental terms and conditions. Although specific to each financing arrangement, typical supplemental terms include requirements of minimum equity, leverage ratios, performance triggers or other financial ratios.

9. Other assets and liabilities

The following table details certain information on the Company's "Other assets" and "Other liabilities" line items on its consolidated balance sheet as of March 31, 2019 and December 31, 2018 (in thousands):

	March 31, 2019		December 31, 2018	
Other assets				
Interest receivable	$	13,809	$	12,762
Receivable on unsettled trades - $68,223 and $- pledged as collateral, respectively		68,389		—
Receivable under reverse repurchase agreements		—		11,461
Derivative assets, at fair value		4,149		1,729
Other assets		11,726		6,948
Due from broker		544		603
Total Other assets	$	98,617	$	33,503
Other liabilities				
Obligation to return securities borrowed under reverse repurchase agreements, at fair value	$	—	$	11,378
Interest payable		10,364		12,196
Derivative liabilities, at fair value		1,290		317
Due to affiliates		4,135		4,023
Accrued expenses		6,256		7,859
Taxes payable		375		1,673
Due to broker		11,309		7,734
Total Other liabilities	$	33,729	$	45,180

Derivative assets and liabilities

The Company's derivatives may include interest rate swaps ("swaps"), TBAs, swaption contracts, Eurodollar Futures and U.S. Treasury Futures, (the latter two, collectively, "Futures"). Derivatives have not been designated as hedging instruments. The Company uses these derivatives and may also utilize other instruments to manage interest rate risk, including long and short positions in U.S. Treasury securities.

The Company may exchange cash "variation margin" with the counterparties to its derivative instruments on a daily basis based upon changes in the fair value of such derivative instruments as measured by the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"), the central clearinghouses ("CCPs") through which those derivatives are cleared. In addition, the CCPs require market participants to deposit and maintain an "initial margin" amount which is determined by the CCPs and is generally intended to be set at a level sufficient to protect the CCPs from the maximum estimated single-day price movement in that market participant's contracts.

Receivables recognized for the right to reclaim cash initial margin posted in respect of derivative instruments are included in the "Restricted cash" line item in the consolidated balance sheets. Prior to the first quarter of 2017, the daily exchange of variation margin associated with centrally cleared derivative instruments was considered a pledge of collateral. For these prior periods, receivables recognized for the right to reclaim cash variation margin posted in respect of derivative instruments are included in the "Restricted cash" line item in the consolidated balance sheets.

Beginning in the first quarter of 2017, as a result of an amendment to the CCPs' rule book, which governs their central clearing activities, the daily exchange of variation margin associated with a CCP instrument is legally characterized as the daily settlement of the derivative instrument itself, as opposed to a pledge of collateral. Accordingly, beginning in 2017, the Company accounts for the daily receipt or payment of variation margin associated with its centrally cleared derivative instruments as a direct reduction to the carrying value of the derivative asset or liability, respectively. Beginning in 2017, the carrying amount of centrally cleared derivative instruments reflected in the Company’s consolidated balance sheets approximates the unsettled fair value of such instruments. As variation margin is exchanged on a one-day lag, the unsettled fair value of such instruments represents the change in fair value that occurred on the last day of the reporting period. Non-exchange traded derivatives were not affected by these legal interpretations and continue to be reported at fair value including accrued interest.

The following table presents the fair value of the Company’s derivatives and other instruments and their balance sheet location at March 31, 2019 and December 31, 2018 (in thousands).

Derivatives and Other Instruments (1)	**Designation**	**Balance Sheet Location**	**March 31, 2019**	**December 31, 2018**
Pay Fix/Receive Float Interest Rate Swap Agreements (2)	Non-Hedge	Other assets	$ 1,601	$ 1,406
Pay Fix/Receive Float Interest Rate Swap Agreements (2)	Non-Hedge	Other liabilities	(265)	(317)
Payer Swaptions	Non-Hedge	Other assets	556	323
TBAs	Non-Hedge	Other assets	1,992	—
TBAs	Non-Hedge	Other liabilities	(1,025)	—
Short positions on U.S. Treasuries	Non-Hedge	Other liabilities (3)	—	(11,378)

(1) As of March 31, 2019, the Company applied a reduction in fair value of $34,375 to its Eurodollar Futures assets related to variation margin. As of December 31, 2018, the Company applied a fair value reduction of $0.1 million and $1.0 million to its U.S. Treasury Futures assets and Eurodollar Future liabilities, respectively, related to variation margin.
(2) As of March 31, 2019, the Company applied a reduction in fair value of $8.7 million and $12.8 million to its interest rate swap assets and liabilities, respectively, related to variation margin. As of December 31, 2018, the Company applied a reduction in fair value of $26.0 million and $18.1 million to its interest rate swap assets and liabilities, respectively, related to variation margin.
(3) Short positions on U.S. Treasuries relate to securities borrowed to cover short sales of U.S. Treasury securities. The change in fair value of the borrowed securities is recorded in the "Unrealized gain/(loss) on derivatives and other instruments, net" line item in the Company’s consolidated statement of operations.

The following table summarizes information related to derivatives and other instruments (in thousands):

Notional amount of non-hedge derivatives and other instruments:	**March 31, 2019**	**December 31, 2018**
Pay Fix/Receive Float Interest Rate Swap Agreements	1,666,500	1,963,500
Payer Swaptions	485,000	260,000
Long TBAs	125,000	—
Long positions on U.S. Treasury Futures (1)	—	30,000
Short positions on Eurodollar Futures (2)	750,000	500,000
Short positions on U.S. Treasuries	—	11,250

(1) Each U.S. Treasury Future contract embodies $100,000 of notional value.
(2) Each Eurodollar Future contract embodies $1,000,000 of notional value.

The following table summarizes gains/(losses) related to derivatives and other instruments (in thousands):

	Three Months Ended	
	March 31, 2019	March 31, 2018
Included within Unrealized gain/(loss) on derivative and other instruments, net		
Interest rate swaps	$ (10,662)	$ 36,252
Eurodollar Futures	1,034	—
Swaptions	(518)	352
U.S. Treasury Futures	(145)	(494)
TBAs (1)	893	428
U.S. Treasuries	82	(94)
	(9,316)	36,444
Included within Net realized gain/(loss)		
Interest rate swaps	(17,542)	—
Eurodollar Futures	(1,240)	—
Swaptions	(634)	51
U.S. Treasury Futures	69	673
TBAs (1)	(356)	373
U.S. Treasuries	(73)	131
	(19,776)	1,228
Total income/(loss)	$ (29,092)	$ 37,672

(1) For the three months ended March 31, 2019, gains and losses from purchases and sales of TBAs consisted of $0.4 million of net TBA dollar roll net interest income and net gains of $0.1 million due to price changes. For the three months ended March 31, 2018, gains and losses from purchases and sales of TBAs consisted of $0.5 million of net TBA dollar roll net interest income and net gains of $0.3 million due to price changes.

The following table presents both gross information and net information about derivative and other instruments eligible for offset in the consolidated balance sheets as of March 31, 2019 (in thousands):

				Gross Amounts Not Offset in the Consolidated Balance Sheet		
Description (1)	**Gross Amounts of Recognized Assets (Liabilities)**	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amounts of Assets (Liabilities) Presented in the Consolidated Balance Sheets**	**Financial Instruments (Posted)/Received**	**Cash Collateral (Posted)/Received**	**Net Amount**
Derivative Assets (2)						
Interest Rate Swaps	$ 3,521	$ —	$ 3,521	$ —	$ 865	$ 2,656
Interest Rate Swaptions	557	—	557	—	(300)	857
TBAs	1,992	—	1,992	1,992	—	—
Total Derivative Assets	$ 6,070	$ —	$ 6,070	$ 1,992	$ 565	$ 3,513
Derivative Liabilities (3)						
Interest Rate Swaps	$ 2,117	$ —	$ 2,117	$ —	$ 865	$ 1,252
TBAs	(1,025)	—	(1,025)	—	(1,025)	—
Total Derivative Liabilities	$ 1,092	$ —	$ 1,092	$ —	$ (160)	$ 1,252

(1) The Company applied a reduction in fair value of $8.7 million and $12.8 million to its interest rate swap assets and liabilities, respectively, related to variation margin. The Company applied a reduction in fair value of $34,375 to its Eurodollar Futures assets related to variation margin.
(2) Included in Other assets on the consolidated balance sheet is $6.1 million less accrued interest of $(2.0) million for a total of $4.1 million.
(3) Included in Other liabilities on the consolidated balance sheet is $1.1 million plus accrued interest of $(2.4) million for a total of $(1.3) million.

The following table presents both gross information and net information about derivative instruments eligible for offset in the consolidated balance sheets as of December 31, 2018 (in thousands):

				Gross Amounts Not Offset in the Consolidated Balance Sheet		
Description (1)	**Gross Amounts of Recognized Assets (Liabilities)**	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amounts of Assets (Liabilities) Presented in the Consolidated Balance Sheets**	**Financial Instruments (Posted)/Received**	**Cash Collateral (Posted)/Received**	**Net Amount**
Receivable Under Reverse Repurchase Agreements	$ 11,461	$ —	$ 11,461	$ 11,378	$ —	$ 83
Derivative Assets (2)						
Interest Rate Swaps	$ 2,608	$ —	$ 2,608	$ —	$ 1,465	$ 1,143
Interest Rate Swaptions	322	—	322	—	(600)	922
Total Derivative Assets	$ 2,930	$ —	$ 2,930	$ —	$ 865	$ 2,065
Derivative Liabilities (3)						
Interest Rate Swaps	$ 1,635	$ —	$ 1,635	$ —	$ 1,465	$ 170
Total Derivative Liabilities	$ 1,635	$ —	$ 1,635	$ —	$ 1,465	$ 170

(1) The Company applied a reduction in fair value of $26.0 million and $18.1 million to its interest rate swap assets and liabilities, respectively, related to variation margin as well as a reduction in fair value of $0.1 million and $1.0 million to its U.S. Treasury Futures assets and Eurodollar Futures liabilities, respectively, related to variation margin.
(2) Included in Other assets on the consolidated balance sheet is $2.9 million less accrued interest of $(1.2) million for a total of $1.7 million.
(3) Included in Other liabilities on the consolidated balance sheet is $1.6 million plus accrued interest of $(1.9) million for a total of $(0.3) million.

The Company must post cash or securities as collateral on its derivative instruments when their fair value declines. This typically occurs when prevailing market rates change adversely, with the severity of the change also dependent on the term of the derivatives involved. The posting of collateral is generally bilateral, meaning that if the fair value of the Company's derivatives increases, its counterparty will post collateral to it. As of March 31, 2019, the Company pledged real estate securities with a fair value of $9.4 million and cash of $26.6 million as collateral against certain derivatives. The $26.6 million of cash pledged as collateral against certain derivatives has been reduced by $4.0 million related to variation margin. The Company's counterparties posted cash of $0.9 million to it as collateral for certain derivatives. As of December 31, 2018, the Company pledged real estate securities with a fair value of $7.2 million and cash of $29.3 million as collateral against certain derivatives. Of the $29.3 million of cash pledged as collateral against certain derivatives, $7.1 million represents amounts related to variation margin.The Company's counterparties posted cash of $1.5 million as collateral for certain derivatives.

Interest rate swaps

To help mitigate exposure to increases in interest rates, the Company uses currently-paying and may use forward-starting, one- or three-month LIBOR-indexed, pay-fixed, receive-variable, interest rate swap agreements. This arrangement hedges our exposure to higher interest rates because the variable-rate payments received on the swap agreements largely offset additional interest accruing on the related borrowings due to the higher interest rate, leaving the fixed-rate payments to be paid on the swap agreements as the Company's effective borrowing rate, subject to certain adjustments including changes in spreads between variable rates on the swap agreements and actual borrowing rates.

As of March 31, 2019, the Company's interest rate swap positions consist of pay-fixed interest rate swaps. The following table presents information about the Company's interest rate swaps as of March 31, 2019 (in thousands):

Maturity	Notional Amount	Weighted Average Pay-Fixed Rate	Weighted Average Receive-Variable Rate	Weighted Average Years to Maturity
2020	$ 105,000	1.54%	2.73%	0.95
2021	58,500	3.00%	2.66%	2.52
2022	635,000	2.01%	2.33%	3.24
2023	154,000	3.07%	2.73%	4.45
2024	280,000	2.16%	2.67%	5.19
2025	20,000	2.81%	2.74%	5.85
2026	195,000	2.44%	2.66%	7.19
2027	194,000	2.30%	2.70%	8.33
2028	25,000	2.52%	2.80%	8.78
Total/Wtd Avg	$ 1,666,500	2.24%	2.56%	4.68

As of December 31, 2018, the Company's interest rate swap positions consist of pay-fixed interest rate swaps. The following table presents information about the Company's interest rate swaps as of December 31, 2018 (in thousands):

Maturity	Notional Amount	Weighted Average Pay-Fixed Rate	Weighted Average Receive-Variable Rate	Weighted Average Years to Maturity
2020	$ 105,000	1.54%	2.56%	1.20
2021	58,500	3.00%	2.63%	2.76
2022	478,000	1.87%	2.72%	3.58
2023	403,000	3.05%	2.64%	4.65
2024	230,000	2.06%	2.63%	5.50
2025	125,000	2.87%	2.70%	6.38
2026	75,000	2.12%	2.66%	7.89
2027	264,000	2.35%	2.66%	8.68
2028	225,000	2.96%	2.69%	9.37
Total/Wtd Avg	$ 1,963,500	2.41%	2.67%	5.57

TBAs

As discussed in Note 2, the Company has entered into TBAs. The following table presents information about the Company's TBAs for the three months ended March 31, 2019 and March 31, 2018 (in thousands):

For the Three Months Ended March 31, 2019	Beginning Notional Amount	Buys or Covers	Sales or Shorts	Ending Net Notional Amount	Net Fair Value as of Period End	Net Receivable/(Payable) from/to Broker	Derivative Asset	Derivative Liability
TBAs - Long	$ —	$ 657,000	$ (532,000)	$ 125,000	$ 126,680	$ (125,713)	$ 1,992	$ (1,025)
TBAs - Short	$ —	$ 185,000	$ (185,000)	$ —	$ —	$ —	$ —	$ —

For the Three Months Ended March 31, 2018	Beginning Notional Amount	Buys or Covers	Sales or Shorts	Ending Net Notional Amount	Net Fair Value as of Period End	Net Receivable/(Payable) from/to Broker	Derivative Asset	Derivative Liability
TBAs - Long	$ 100,000	$ 635,000	$ (596,000)	$ 139,000	$ 143,723	$ (143,068)	$ 1,012	$ (357)
TBAs - Short	$ —	$ 551,000	$ (551,000)	$ —	$ —	$ —	$ —	$ —

10. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing net income/(loss) available to common stockholders for the period by the weighted- average shares of the Company's common stock outstanding for that period that participate in the Company's common dividends. Diluted EPS takes into account the effect of dilutive instruments, such as stock options, warrants, unvested restricted stock and unvested restricted stock units but uses the average share price for the period in determining the number of incremental shares that are to be added to the weighted-average number of shares outstanding.

As of March 31, 2019 and March 31, 2018, the Company's outstanding warrants and unvested restricted stock units were as follows:

	March 31, 2019	March 31, 2018
Outstanding warrants (1)	—	1,007,500
Unvested restricted stock units previously granted to the Manager	40,007	60,000

(1) The warrants expired on July 6, 2018.

Each warrant entitled the holder to purchase half a share of the Company's common stock at a fixed price upon exercise of the warrant. For the three months ended March 31, 2018, the Company excluded the effects of such from the computation of diluted earnings per share because their effect would be anti-dilutive. The warrants expired on July 6, 2018.

Restricted stock units granted to the manager do not entitle the participant the rights of a shareholder of the Company's common stock, such as dividend and voting rights, until shares are issued in settlement of the vested units. The restricted stock units are not considered to be participating shares. The dilutive effects of the restricted stock units are only included in diluted weighted average common shares outstanding.

The following table presents a reconciliation of the earnings and shares used in calculating basic and diluted EPS for the three months ended March 31, 2019 and March 31, 2018 (in thousands, except per share data):

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Numerator:		
Net income/(loss) available to common stockholders for basic and diluted earnings per share	$ 25,788	$ 4,880
Denominator:		
Basic weighted average common shares outstanding	30,551	28,196
Dilutive effect of restricted stock units	30	21
Diluted weighted average common shares outstanding	30,581	28,217
Basic Earnings/(Loss) Per Share of Common Stock:	$ 0.84	$ 0.17
Diluted Earnings/(Loss) Per Share of Common Stock:	$ 0.84	$ 0.17

The following tables detail our common stock dividends during the three months ended March 31, 2019 and March 31, 2018:

2019

Declaration Date	Record Date	Payment Date	Dividend Per Share
3/15/2019	3/29/2019	4/30/2019	$ 0.50

2018

Declaration Date	Record Date	Payment Date	Dividend Per Share
3/15/2018	3/29/2018	4/30/2018	$ 0.475

The following tables detail our preferred stock dividends during the three months ended March 31, 2019 and March 31, 2018:

2019

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.25% Series A	2/15/2019	2/28/2019	3/18/2019	$ 0.51563

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.00% Series B	2/15/2019	2/28/2019	3/18/2019	$ 0.50

2018

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.25% Series A	2/16/2018	2/28/2018	3/19/2018	$ 0.51563

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.00% Series B	2/16/2018	2/28/2018	3/19/2018	$ 0.50

11. Income taxes

As a REIT, the Company is not subject to federal income tax to the extent that it makes qualifying distributions to its stockholders, and provided it satisfies on a continuing basis, through actual investment and operating results, the REIT requirements including certain asset, income, distribution and stock ownership tests. Most states follow U.S. federal income tax treatment of REITs.

For the three months ended March 31, 2019 and March 31, 2018, the Company recorded excise tax expense of $0.1 million and $0.4 million, respectively. Excise tax represents a four percent tax on the required amount of the Company’s ordinary income and net capital gains not distributed during the year. The expense is calculated in accordance with applicable tax regulations.

The Company files tax returns in several U.S jurisdictions. There are no ongoing U.S. federal, state or local tax examinations related to the Company.

The Company elected to treat certain domestic subsidiaries as TRSs and may elect to treat other subsidiaries as TRSs. In general, a TRS may hold assets and engage in activities that the Company cannot hold or engage in directly, and generally may engage in any real estate or non-real estate-related business.

The Company elected to treat one of its foreign subsidiaries as a TRS and, accordingly, taxable income generated by this TRS may not be subject to local income taxation, but generally will be included in the Company's income on a current basis as Subpart F income, whether or not distributed.

Cash distributions declared by the Company that do not exceed its current or accumulated earnings and profits will be considered ordinary income to stockholders for income tax purposes unless all or a portion of a distribution is designated by the Company as a capital gain dividend. Distributions in excess of the Company's current and accumulated earnings and profits will be characterized as return of capital or capital gains.

Based on its analysis of any potential uncertain income tax positions, the Company concluded it did not have any uncertain tax positions that meet the recognition or measurement criteria of ASC 740 as of March 31, 2019 or March 31, 2018. The Company's federal income tax returns for the last three tax years are open to examination by the Internal Revenue Service. In the event that the Company incurs income tax related interest and penalties, its policy is to classify them as a component of provision for income taxes.

12. Related party transactions

The Company has entered into a management agreement with the Manager, which provided for an initial term and will be deemed renewed automatically each year for an additional one-year period, subject to certain termination rights. As of March 31, 2019 and December 31, 2018, no event of termination had occurred. The Company is externally managed and advised by the Manager. Pursuant to the terms of the management agreement, which became effective July 6, 2011 (upon the consummation of the Company's initial public offering (the "IPO")), the Manager provides the Company with its management team, including its officers, along with appropriate support personnel. Each of the Company's officers is an employee of Angelo Gordon. The Company does not have any employees. The Manager, pursuant to a delegation agreement dated as of June 29, 2011, has delegated to Angelo Gordon the overall responsibility of its day-to-day duties and obligations arising under the Company's management agreement.

Management fee

The Manager is entitled to a management fee equal to 1.50% per annum, calculated and paid quarterly, of the Company's Stockholders' Equity. For purposes of calculating the management fee, "Stockholders' Equity" means the sum of the net proceeds from any issuances of equity securities (including preferred securities) since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance, and excluding any future equity issuance to the Manager), plus the Company's retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense or other non-cash items described below incurred in current or prior periods), less any amount that the Company pays for repurchases of its common stock, excluding any unrealized gains, losses or other non-cash items that have impacted stockholders' equity as reported in the Company's financial statements prepared in accordance with GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP, and certain other non-cash charges after discussions between the Manager and the Company's independent directors and after approval by a majority of the Company's independent directors. Stockholders' Equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on the Company's financial statements.

For the three months ended March 31, 2019 and March 31, 2018, the Company incurred management fees of approximately $2.3 million and $2.4 million, respectively.

Termination fee

The termination fee, payable upon the occurrence of (i) the Company's termination of the management agreement without cause or (ii) the Manager's termination of the management agreement upon a breach of any material term of the management agreement, will be equal to three times the average annual management fee during the 24-month period prior to such termination, calculated as of the end of the most recently completed fiscal quarter. As of March 31, 2019 and December 31, 2018, no event of termination of the management agreement had occurred.

Expense reimbursement

The Company is required to reimburse the Manager or its affiliates for operating expenses which are incurred by the Manager or its affiliates on behalf of the Company, including expenses relating to legal, accounting, due diligence and other services. The Company's reimbursement obligation is not subject to any dollar limitation; however, the reimbursement is subject to an annual budget process which combines guidelines from the Management Agreement with oversight by the Company's Board of Directors.

The Company reimburses the Manager or its affiliates for the Company's allocable share of the compensation, including, without limitation, annual base salary, bonus, any related withholding taxes and employee benefits paid to (i) the Company's chief financial officer based on the percentage of time spent on Company affairs, (ii) the Company's general counsel based on the percentage of time spent on the Company's affairs, and (iii) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance and other non-investment personnel of the Manager and its affiliates who spend all or a portion of their time managing the Company's affairs based upon the percentage of time devoted by such personnel to the Company's affairs. In their capacities as officers or personnel of the Manager or its affiliates, they devote such portion of their time to the Company's affairs as is necessary to enable the Company to operate its business.

Of the $3.8 million and $3.2 million of Other operating expenses for the three months ended March 31, 2019 and March 31, 2018, respectively, the Company has accrued $2.0 million and $1.8 million, respectively, representing a reimbursement of expenses. The Manager did not waive its right to receive any expense reimbursements for the three months ended March 31, 2019. The Manager waived its right to receive expense reimbursements of $0.5 million for the year ended December 31, 2018.

Restricted stock grants

Pursuant to the Company's Manager Equity Incentive Plan and the Equity Incentive Plan adopted on July 6, 2011, the Company can award up to 277,500 shares of its common stock in the form of restricted stock, stock options, restricted stock units or other types of awards to the directors, officers, advisors, consultants and other personnel of the Company and to the Manager. As of March 31, 2019, 36,736 shares of common stock were available to be awarded under the equity incentive plans. Awards under the equity incentive plans are forfeitable until they become vested. An award will become vested only if the vesting conditions set forth in the applicable award agreement (as determined by the compensation committee) are satisfied. The vesting conditions may include performance of services for a specified period, achievement of performance goals, or a combination of both. The compensation committee also has the authority to provide for accelerated vesting of an award upon the occurrence of certain events in its discretion.

As of March 31, 2019, the Company has granted an aggregate of 80,514 and 40,250 shares of restricted common stock to its independent directors and Manager, respectively, and 120,000 restricted stock units to its Manager under its equity incentive plans. As of March 31, 2019, all the shares of restricted common stock granted to the Company's Manager and independent directors have vested and 79,993 restricted stock units granted to the Company's Manager have vested. The 40,007 restricted stock units that have not vested as of March 31, 2019 were granted to the Manager on July 1, 2017 and represent the right to receive an equivalent number of shares of the Company's common stock to be issued if and when the units vest. Annual vesting of approximately 20,000 units will occur on each of July 1, 2019, and July 1, 2020. The units do not entitle the participant the rights of a holder of the Company's common stock, such as dividend and voting rights, until shares are issued in settlement of the vested units. The vesting of such units is subject to the continuation of the management agreement. If the management agreement terminates, all unvested units then held by the Manager or the Manager's transferee shall be immediately cancelled and forfeited without consideration.

Director compensation

Beginning in 2018, the Company began paying a $160,000 annual base director's fee to each independent director. Base director's fees are paid 50% in cash and 50% in restricted common stock. The number of shares of restricted common stock to be issued each quarter to each independent director is determined based on the average of the high and low prices of the Company's common stock on the New York Stock Exchange on the last trading day of each fiscal quarter. To the extent that any fractional shares would otherwise be issuable and payable to each independent director, a cash payment is made to each independent director in lieu of any fractional shares. All directors' fees are paid pro rata (and restricted stock grants determined) on a quarterly basis in arrears, and shares issued are fully vested and non-forfeitable. These shares may not be sold or transferred by such director during the time of his service as an independent member of the Company's board. Beginning in 2019, the Company increased the annual fee paid to the lead independent director from $15,000 to $25,000.

Investments in debt and equity of affiliates

The Company invests in credit sensitive residential and commercial real estate assets through affiliated entities which hold an ownership interest in the assets. The Company is one investor, amongst other investors managed by affiliates of Angelo Gordon, in such entities and has applied the equity method of accounting for such investments. See Note 2 for the gross fair value of the Company's share of these investments as of March 31, 2019 and December 31, 2018.

During Q3 2018, the Company transferred certain of its CMBS from certain of its non-wholly owned subsidiaries to a fully consolidated entity. The Company executed the transfer in order to obtain financing on these real estate securities. As a result, there was a reclassification of these assets from the "Investments in debt and equity of affiliates" line item to the "CMBS" line item on the Company's consolidated balance sheets. In addition, the Company has also shown this reclassification as a non-cash transfer on its consolidated statement of cash flows.

The Company's investment in AG Arc is reflected on the "Investments in debt and equity of affiliates" line item on its consolidated balance sheets. See Note 2 for the fair value of AG Arc as of March 31, 2019 and December 31, 2018.

In June 2016, Arc Home closed on the acquisition of a Fannie Mae, Freddie Mac, Federal Housing Administration ("FHA"), Veteran's Administration ("VA") and Ginnie Mae seller/servicer of mortgages with licenses to conduct business in 47 states, including Washington D.C. Through this subsidiary, Arc Home originates conforming, Government, Jumbo and other non-conforming residential mortgage loans, retains the mortgage servicing rights associated with the loans it originates, and purchases additional mortgage servicing rights from third-party sellers. Arc Home is led by an external management team.

Arc Home may sell loans to the Company, to third parties, or to affiliates of the Manager. Arc Home may also enter into agreements with third parties or affiliates of the Manager to sell rights to receive the excess servicing spread related to MSRs that it either purchases from third parties or originates. The Company, directly or through its subsidiaries, has entered into agreements with Arc Home to purchase rights to receive the excess servicing spread related to certain of Arc Home's MSRs. As of March 31, 2019 and December 31, 2018, these Excess MSRs had fair value of approximately $24.9 million and $27.3 million, respectively.

On August 29, 2017, the Company, alongside private funds under the management of Angelo Gordon, entered into the MATH LLC Agreement, which requires that MATH fund a capital commitment of $75.0 million to MATT. This commitment was increased by $25.0 million to $100.0 million on March 28, 2019 with an amendment to the MATH LLC Agreement. As of March 31, 2019, the Company's share of MATH's total capital commitment to MATT was $44.6 million, of which the Company had funded $33.4 million and the Company's remaining commitment was $11.2 million (net of any return of capital to the Company).

Transactions with affiliates

In connection with the Company's investments in residential mortgage loans and residential mortgage loans in securitized form that it purchases from an affiliate (or affiliates) of the Manager ("Re/Non-Performing Loans"), the Company may engage asset managers to provide advisory, consultation, asset management and other services to help our third-party servicers formulate and implement strategic plans to manage, collect and dispose of loans in a manner that is reasonably expected to maximize the amount of proceeds from each loan. Beginning in November 2015, the Company engaged Red Creek Asset Management LLC ("Asset Manager"), a related party of the Manager and direct subsidiary of Angelo Gordon, as the asset manager for certain of its residential loans and Re/Non-Performing Loans. The Asset Manager acknowledges that the Company will at all times have and retain ownership of all loans and that the Asset Manager will not acquire (i) title to any loan, (ii) any security interest in any loan, or (iii) any other rights or interests of any kind or any nature whatsoever in or to any loan. The Company pays separate arm's-length asset management fees as assessed and confirmed periodically by a third party valuation firm for (i) non-performing loans and (ii) re-performing loans. For the three months ended March 31, 2019 and March 31, 2018, the fees paid by the Company to the Asset Manager totaled $124,984 and $47,641, respectively.

In connection with the Company's investments in Excess MSRs purchased through Arc Home, the Company pays an administrative fee to Arc Home. For the three months ended March 31, 2019 and March 31, 2018 the administrative fees paid by the Company to Arc Home totaled $82,904 and $19,935, respectively.

In February 2017, in accordance with the Company's Affiliated Transactions Policy, the Company executed one trade whereby the Company acquired a real estate security from an affiliate of the Manager (the "February Selling Affiliate"). As of the date of the trade, the security acquired from the February Selling Affiliate had a total fair value of $2.0 million. The February Selling Affiliate sold the real estate security through a BWIC (Bids Wanted in Competition). Prior to the submission of the BWIC by the February Selling Affiliate, the Company submitted its bid for the real estate security to the February Selling Affiliate. The Company's pre-submission of its bid allowed the Company to confirm third-party market pricing and best execution.

In July 2017, in accordance with the Company's Affiliated Transactions Policy, the Company acquired certain real estate securities from an affiliate of the Manager (the "July Selling Affiliate"). As of the date of the trade, the securities acquired from the July Selling Affiliate had a total fair value of $0.2 million. As procuring market bids for the real estate securities was determined to be impracticable in the Manager's reasonable judgment, appropriate pricing was based on a valuation prepared by an independent third-party pricing vendor. The third-party pricing vendor allowed the Company to confirm third-party market pricing and best execution.

In October 2017, in accordance with the Company's Affiliated Transactions Policy, the Company acquired certain real estate securities and loans from two affiliates of the Manager (the "October Selling Affiliates"). As of the date of the trade, the real estate securities and loans acquired from the October Selling Affiliates had a total fair value of $8.4 million. As procuring market bids for the real estate securities and loans were determined to be impracticable in the Manager's reasonable judgment, appropriate pricing was based on a valuation prepared by independent third-party pricing vendors. The third-party pricing vendors allowed the Company to confirm third-party market pricing and best execution.

In October 2018, in accordance with the Company's Affiliated Transactions Policy, the Company acquired certain real estate securities and loans from an affiliate of the Manager (the "October 2018 Selling Affiliate"). As of the date of the trade, the real estate securities and loans acquired from the October 2018 Selling Affiliate had a total fair value of $0.5 million. As procuring market bids for the real estate securities and loans was determined to be impracticable in the Manager's reasonable judgment, appropriate pricing was based on a valuation prepared by independent third-party pricing vendors. The third-party pricing vendors allowed the Company to confirm third-party market pricing and best execution.

In March 2019, in accordance with the Company's Affiliated Transactions Policy, the Company executed one trade whereby the Company acquired a real estate security from an affiliate of the Manager (the "March 2019 Selling Affiliate"). As of the date of the trade, the security acquired from the March 2019 Selling Affiliate had a total fair value of $0.9 million. The March 2019 Selling Affiliate sold the real estate security through a BWIC. Prior to the submission of the BWIC by the March 2019 Selling Affiliate, the Company submitted its bid for the real estate security to the March 2019 Selling Affiliate. The pre-submission of the Company's bid allowed the Company to confirm third-party market pricing and best execution.

13. Equity

On May 2, 2018, the Company filed a shelf registration statement registering up to $750.0 million of its securities, including capital stock (the "2018 Registration Statement"). As of March 31, 2019, $591.2 million of the Company's securities, including capital stock, was available for issuance under the 2018 Registration Statement. The 2018 Registration Statement became effective on May 18, 2018 and will expire on May 18, 2021.

Concurrently with the IPO in 2011, the Company offered a private placement of 3,205,000 units at $20.00 per share to a limited number of investors qualifying as "accredited investors" under Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Each unit consisted of one share of common stock ("private placement share") and a warrant ("private placement warrant") to purchase 0.50 of a share of common stock. Each private placement warrant had an exercise price of $20.50 per share (as adjusted for reorganizations, reclassifications, consolidations, mergers, sales, transfers or other dispositions) and expired on July 6, 2018. No warrants were exercised for the three months ended March 31, 2018, or in 2018 through the expiration date on July 6, 2018.

The Company's Series A and Series B Preferred Stock have no stated maturity and are not subject to any sinking fund or mandatory redemption. Under certain circumstances upon a change of control, the Company's Series A and Series B Preferred Stock are convertible to shares of the Company's common stock. Holders of the Company's Series A and Series B Preferred Stock have no voting rights, except under limited conditions, and holders are entitled to receive cumulative cash dividends at a rate of 8.25% and 8.00% per annum on the Series A and Series B Preferred Stock, respectively, of the $25.00 per share liquidation preference before holders of the common stock are entitled to receive any dividends. Shares of the Company's Series A and Series B Preferred Stock are currently redeemable at $25.00 per share plus accumulated and unpaid dividends (whether or not declared) exclusively at the Company's option. Dividends are payable quarterly in arrears on the 17th day of each March, June, September and December. As of March 31, 2019, the Company had declared all required quarterly dividends on the Company's Series A and Series B Preferred Stock.

On November 3, 2015, the Company's Board of Directors authorized a stock repurchase program ("Repurchase Program") to repurchase up to $25.0 million of its outstanding common stock. Such authorization does not have an expiration date. As part of the Repurchase Program, shares may be purchased in open market transactions, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Exchange Act. Open market repurchases will be made in accordance with Exchange Act Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of open market stock repurchases. Subject to applicable securities laws, the timing, manner, price and amount of any repurchases of common stock under the Repurchase Program may be determined by the Company in its discretion, using available cash resources. Shares of common stock repurchased by the Company under the Repurchase Program, if any, will be cancelled and, until reissued by the Company, will be deemed to be authorized but unissued shares of its common stock as required by Maryland law. The Repurchase Program may be suspended or discontinued by the Company at any time and without prior notice and the authorization does not obligate the Company to acquire any particular amount of common stock. The cost of the acquisition by the Company of shares of its own stock in excess of the aggregate par value of the shares first reduces additional paid-in capital, to the extent available, with any residual cost applied against retained earnings. No shares were repurchased under the Repurchase Program during the three months ended March 31, 2019 or March 31, 2018, and approximately $14.6 million of common stock remained authorized for future share repurchases under the Repurchase Program.

On May 5, 2017, the Company entered into an equity distribution agreement with each of Credit Suisse Securities (USA) LLC and JMP Securities LLC (collectively, the "Sales Agents"), which the Company refers to as the "Equity Distribution Agreements," pursuant to which the Company may sell up to $100.0 million aggregate offering price of shares of its common stock from time to time through the Sales Agents, as defined in Rule 415 under the Securities Act of 1933. The Equity Distribution Agreements were amended on May 22, 2018 in conjunction with the filing of the Company's 2018 Registration Statement. For the three months ended March 31, 2019, the Company sold 503,700 shares of common stock under the Equity Distribution Agreements for net proceeds of approximately $8.6 million. For the three months ended March 31, 2018, the Company did not sell any common stock under the Equity Distribution Agreements.

On February 14, 2019, the Company completed a public offering of 3,000,000 shares of its common stock and subsequently issued an additional 450,000 shares pursuant to the underwriters' over-allotment option at a price of $16.70 per share. Net proceeds to the Company from the offering were approximately $57.4 million, after deducting estimated offering expenses.

14. Commitments and Contingencies

From time to time, the Company may become involved in various claims and legal actions arising in the ordinary course of business.

The below table details the Company's outstanding commitments as of March 31, 2019 (in thousands):

Commitment type	Date of Commitment	Total Commitment	Funded Commitment	Remaining Commitment
MATH (a)	March 28, 2019	$ 44,590	$ 33,400	$ 11,190
Variable funding note (b)	March 29, 2018	12,400	7,600	4,800
Commercial loan G (c)	July 26, 2018	75,000	27,008	47,992
Commercial loan I (c)	January 23, 2019	20,000	6,818	13,182
Commercial loan J (c)	February 11, 2019	30,000	2,467	27,533
Commercial loan K (c)	February 22, 2019	20,000	5,130	14,870
Total		$ 201,990	$ 82,423	$ 119,567

(a) Refer to Note 12 "Investments in debt and equity of affiliates" for more information regarding MATH.
(b) On March 29, 2018, the Company, alongside private funds under the management of Angelo Gordon, purchased a variable funding note issued pursuant to an indenture.
(c) The Company entered into commitments on commercial loans relating to construction projects. See Note 4 for further details.

15. Segment reporting

The Company reassessed its determination of segments after its purchase of a portfolio of Single-family rental properties in September 2018 and has determined that it has two reportable segments based on how management reviews and manages the business. These reportable segments include its (i) Securities and Loans, which includes the Company's investments in Excess MSRs and Arc Home, and (ii) Single-Family Rental Properties. Corporate includes the operating expenses of the Company and those items that are not directly allocable to either of the two reportable segments.

The table below presents our results of operations for the three months ended March 31, 2019 by business segment (in thousands):

	Securities and Loans	Single-Family Rental Properties	Corporate	Total
Net Interest Income				
Interest income (1)	$ 41,406	$ —	$ 84	$ 41,490
Interest expense	22,093	1,248	—	23,341
Total Net Interest Income	19,313	(1,248)	84	18,149
Other Income/(Loss)				
Rental income	—	3,397	—	3,397
Net realized gain/(loss)	(20,584)	(26)	—	(20,610)
Net interest component of interest rate swaps	1,781	—	—	1,781
Unrealized gain/(loss) on real estate securities and loans, net	46,753	—	—	46,753
Unrealized gain/(loss) on derivative and other instruments, net	(10,086)	—	—	(10,086)
Other income	413	183	—	596
Total Other Income/(Loss)	18,277	3,554	—	21,831
Expenses				
Management fee to affiliate	—	—	2,345	2,345
Other operating expenses	968	48	2,814	3,830
Equity based compensation to affiliate	—	—	126	126
Excise tax	—	—	92	92
Servicing fees	371	—	—	371
Property depreciation and amortization	—	1,447	—	1,447
Property operating expenses	—	1,843	—	1,843
Total Expenses	1,339	3,338	5,377	10,054
Income/(loss) before equity in earnings/(loss) from affiliates	36,251	(1,032)	(5,293)	29,926
Equity in earnings/(loss) from affiliates	(771)	—	—	(771)
Net Income/(Loss)	35,480	(1,032)	(5,293)	29,155
Dividends on preferred stock	—	—	3,367	3,367
Net Income/(Loss) Available to Common Stockholders	$ 35,480	$ (1,032)	$ (8,660)	$ 25,788

(1) Interest earned on cash and cash equivalents, including money markets, is shown within Corporate.

The table below presents our results of operations for the three months ended March 31, 2018 by business segment (in thousands):

	Securities and Loans	Corporate	Total
Net Interest Income			
Interest income	$ 39,357	$ —	$ 39,357
Interest expense	15,326	—	15,326
Total Net Interest Income	24,031	—	24,031
Other Income/(Loss)			
Net realized gain/(loss)	(11,839)	—	(11,839)
Net interest component of interest rate swaps	(1,470)	—	(1,470)
Unrealized gain/(loss) on real estate securities and loans, net	(36,155)	—	(36,155)
Unrealized gain/(loss) on derivative and other instruments, net	37,090	—	37,090
Total Other Income/(Loss)	(12,374)	—	(12,374)
Expenses			
Management fee to affiliate	—	2,439	2,439
Other operating expenses	430	2,793	3,223
Equity based compensation to affiliate	—	51	51
Excise tax	—	375	375
Servicing fees	62	—	62
Total Expenses	492	5,658	6,150
Income/(loss) before equity in earnings/(loss) from affiliates	11,165	(5,658)	5,507
Equity in earnings/(loss) from affiliates	2,740	—	2,740
Net Income/(Loss)	13,905	(5,658)	8,247
Dividends on preferred stock	—	3,367	3,367
Net Income/(Loss) Available to Common Stockholders	$ 13,905	$ (9,025)	$ 4,880

The table below presents our consolidated balance sheet as of March 31, 2019 by business segment (in thousands):

	Securities and Loans (a)	Single-Family Rental Properties	Corporate	Total
Total Assets	$ 3,811,799	$ 143,652	$ 51,690	$ 4,007,141
Total Liabilities	$ 3,138,221	$ 104,277	$ 33,007	$ 3,275,505
Total Stockholders' Equity	$ 673,578	$ 39,375	$ 18,683	$ 731,636
Total Liabilities & Stockholders' Equity	$ 3,811,799	$ 143,652	$ 51,690	$ 4,007,141

(a) Includes Investments in debt and equity of affiliates of $102.1 million.

The table below presents our consolidated balance sheet as of December 31, 2018 by business segment (in thousands):

	Securities and Loans (a)	Single-Family Rental Properties	Corporate	Total
Total Assets	$ 3,373,713	$ 142,535	$ 32,678	$ 3,548,926
Total Liabilities	$ 2,759,082	$ 105,102	$ 28,731	$ 2,892,915
Total Stockholders' Equity	$ 614,631	$ 37,433	$ 3,947	$ 656,011
Total Liabilities & Stockholders' Equity	$ 3,373,713	$ 142,535	$ 32,678	$ 3,548,926

(a) Includes Investments in debt and equity of affiliates of $84.9 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this quarterly report on Form 10-Q, or this "report," we refer to AG Mortgage Investment Trust, Inc. as "we," "us," the "Company," or "our," unless we specifically state otherwise or the context indicates otherwise. We refer to our external manager, AG REIT Management, LLC, as our "Manager," and we refer to the direct parent company of our Manager, Angelo, Gordon & Co., L.P., as "Angelo Gordon."

The following discussion should be read in conjunction with our consolidated financial statements and the accompanying notes to our consolidated financial statements, which are included in Item 1 of this report, as well as the information contained in our Annual Report on Form 10-K for the year ended December 31, 2018.

Forward-Looking Statements

We make forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in this report that are subject to substantial known and unknown risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, returns, results of operations, plans, yield, objectives, the composition of our portfolio, actions by governmental entities, including the Federal Reserve, and the potential effects of actual and proposed legislation on us, and our views on certain macroeconomic trends. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions, we intend to identify forward-looking statements.

These forward-looking statements are based upon information presently available to our management and are inherently subjective, uncertain and subject to change. There can be no assurance that actual results will not differ materially from our expectations. Some, but not all, of the factors that might cause such a difference include, but are not limited to, changes in interest rates, changes in the yield curve, changes in prepayment rates, changes in default rates, the availability and terms of financing, changes in the fair market value of our assets, general economic conditions, conditions in the market for Agency RMBS, Non-Agency RMBS, ABS and CMBS securities, Excess MSRs and loans, our ability to integrate newly acquired rental assets into our investment portfolio, our ability to predict and control costs, conditions in the real estate market and legislative and regulatory changes that could adversely affect us. We caution investors not to rely unduly on any forward-looking statements, which speak only as of the date made, and urge you to carefully consider the risks noted above and identified under the captions "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2018 and any subsequent filings, including this one. New risks and uncertainties arise from time to time, and it is impossible for us 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. All forward-looking statements that we make, or that are attributable to us, are expressly qualified by this cautionary notice.

Our company

We are a hybrid mortgage REIT that opportunistically invests in a diversified risk adjusted portfolio of Agency RMBS, Credit Investments and Single-Family Rental Properties. Our Credit Investments include our Residential Investments, Commercial Investments and ABS Investments. We are a Maryland corporation and are externally managed by our Manager, a wholly-owned subsidiary of Angelo Gordon, pursuant to a management agreement. Our Manager, pursuant to a delegation agreement dated as of June 29, 2011, has delegated to Angelo Gordon the overall responsibility of its day-to-day duties and obligations arising under the management agreement. We conduct our operations to qualify and be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes. Accordingly, we generally will not be subject to U.S. federal income taxes on our taxable income that we distribute currently to our stockholders as long as we maintain our intended qualification as a REIT. We also operate our business in a manner that permits us to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act. Our common stock is traded on the New York Stock Exchange, or the NYSE, under the symbol MITT. Our 8.25% Series A Cumulative Redeemable Preferred Stock and our 8.00% Series B Cumulative Redeemable Preferred Stock trade on the NYSE under the symbols MITT PrA and MITT PrB, respectively.

Our investment portfolio

Our investment portfolio is comprised of (i) our Securities and Loans Segment, comprised of Agency RMBS, Residential Investments, Commercial Investments, and ABS, and (ii) our Single-Family Rental Properties Segment, each of which is described in more detail below. See Note 15 to the Notes to Consolidated Financial Statements for additional financial information regarding our segments.

Securities and Loans Segment

Agency RMBS

Our investment portfolio is comprised primarily of residential mortgage-backed securities, or RMBS. Certain of the assets in our RMBS portfolio have a guarantee of principal and interest by a U.S. government agency such as the Government National Mortgage Association, or Ginnie Mae, or by a government-sponsored entity such as the Federal National Mortgage Association, or Fannie Mae, or the Federal Home Loan Mortgage Corporation, or Freddie Mac (each, a "GSE"). We refer to these securities as Agency RMBS. Our Agency RMBS portfolio includes:

- Fixed rate securities (held as mortgage pass-through securities);
- Sequential pay fixed rate collateralized mortgage obligations ("CMOs");
    - CMOs are structured debt instruments representing interests in specified pools of mortgage loans subdivided into multiple classes, or tranches, of securities, with each tranche having different maturities or risk profiles.
- Inverse Interest Only securities (CMOs where the holder is entitled only to the interest payments made on the mortgages underlying certain mortgage backed securities ("MBS") whose coupon has an inverse relationship to its benchmark rate, such as LIBOR);
- Interest Only securities (CMOs where the holder is entitled only to the interest payments made on the mortgages underlying certain MBS "interest-only strips");
- Certain Agency RMBS for which the underlying collateral is not identified until shortly (generally two days) before the purchase or sale settlement date ("TBAs"); and
- Excess mortgage servicing rights ("Excess MSRs") whose underlying collateral is securitized in a trust held by a U.S. government agency or GSE.
    - Excess MSRs are interests in an MSR, representing a portion of the interest payment collected from a pool of mortgage loans, net of a basic servicing fee paid to the mortgage servicer. An MSR provides a mortgage servicer with the right to service a mortgage loan or a pool of mortgages in exchange for a portion of the interest payments made on the mortgage or the underlying mortgages. An MSR is made up of two components: a basic servicing fee and an Excess MSR. The basic servicing fee is the compensation received by the mortgage servicer for the performance of its servicing duties.

Residential Investments

Our investment portfolio also includes a significant portion of Residential Investments. The Residential Investments that we own include RMBS that are not issued or guaranteed by Ginnie Mae or a GSE, which we refer to as our Non-Agency RMBS. The mortgage loan collateral for residential Non-Agency RMBS consists of residential mortgage loans that do not generally conform to underwriting guidelines issued by U.S. government agencies or U.S. government-sponsored entities. Our Non-Agency RMBS include investment grade and non-investment grade fixed- and floating-rate securities. We categorize certain of our Residential Investments by weighted average credit score at origination:

- Prime (weighted average credit score above 700)
- Alt-A/Subprime
    - Alt-A (weighted average credit score between 700 and 620); and
    - Subprime (weighted average credit score below 620).

The Residential Investments that we do not categorize by weighted average credit score at origination include our:

- CRTs (defined below)
- RPL/NPL Securities (described below)
- Interest Only securities (Non-Agency RMBS backed by interest-only strips)
- Excess MSRs whose underlying collateral is securitized in a trust not held by a U.S. government agency or GSE;

    - Excess MSRs are grouped within "Interest Only and Excess MSR" throughout Part I, Item 2 of this Quarterly Report on Form 10-Q and are grouped within Excess mortgage servicing rights or Excess MSRs in the Notes to the Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q;
- Re/Non-Performing Loans (described below); and
- New Origination Loans (described below).

Credit Risk Transfer securities ("CRTs") include:

- Unguaranteed and unsecured mezzanine, junior mezzanine and first loss securities issued either by GSEs or issued by other third-party institutions to transfer their exposure to mortgage default risk to private investors. These securities reference a specific pool of newly originated single-family mortgages from a specified time period (typically around the time of origination). The risk of loss on the reference pool of mortgages is transferred to investors who may experience losses when adverse credit events such as defaults, liquidations or delinquencies occur in the underlying mortgages. Owners of these securities generally receive an uncapped floating interest rate equal to a predetermined spread over one-month LIBOR.

RPL/NPL Securities include:

- Mortgage-backed securities collateralized by re-performing mortgage loans ("RPL") and/or non-performing mortgage loans ("NPL"). The RPL/NPL Securities that we own represent the senior and mezzanine tranches of such securitizations. These RPL/NPL securitizations are structured with significant credit enhancement (typically, approximately 50% to the senior tranche and 40% to the mezzanine tranche), which mitigates our exposure to credit risk on these securities. "Credit enhancement" refers to the value of the subordinated tranches available to absorb all credit losses prior to those losses being allocated to more senior tranches. Subordinate tranches typically receive no cash flow (interest or principal) until the senior and mezzanine tranches have been paid off. In addition, the RPL/NPL Securities that we own contain an "interest rate step-up" feature, whereby the interest rate or "coupon" on the senior tranche increases by typically 300 basis points or typically 400 basis points in the case of mezzanine tranches (a "step up") if the security that we hold has not been redeemed or repurchased by the issuer within 36 months of issuance. We expect that the combination of the priority cash flow of the senior and mezzanine tranches and the 36-month step-up feature will result in these RPL/NPL Securities exhibiting short average lives and, accordingly, reduced interest rate sensitivity.

Re/Non-Performing Loans include:

- RPLs or NPLs in securitized form that we purchase from an affiliate (or affiliates) of the Manager that we hold alongside other private funds under the management of Angelo Gordon. The securitizations typically take the form of various classes of notes and a trust certificate. These investments are included in the "RMBS" and "Investments in debt and equity of affiliates" line items on our consolidated balance sheets.
- RPLs or NPLs that we hold through interests in certain consolidated trusts. These investments are secured by residential real property including prime, Alt-A, and subprime mortgage loans, and are included in the "Residential mortgage loans, at fair value" line item on our consolidated balance sheets.

New Origination Loans include:

- "Non-QMs," which are residential mortgage loans that do not qualify for the Consumer Finance Protection Bureau's (the "CFPB") safe harbor provision for "qualifying mortgages," or "QM," that we hold alongside other private funds under the management of Angelo Gordon. These investments are held in one of our unconsolidated subsidiaries, Mortgage Acquisition Trust I LLC ("MATT") (see the "Contractual obligations" section of this Item 2 for more detail), and are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheets.

Commercial Investments

We also invest in Commercial Investments. Our Commercial Investments include:

- Commercial mortgage-backed securities ("CMBS");
- Interest Only securities (CMBS backed by interest-only strips);
- Commercial real estate loans secured by commercial real property, including first mortgages, mezzanine loans, preferred equity, first or second lien loans, subordinate interests in first mortgages, bridge loans to be used in the acquisition, construction or redevelopment of a property and mezzanine financing secured by interests in commercial real estate; and
- Freddie Mac K-Series (described below).

CMBS include:

- Fixed and floating-rate CMBS, including investment grade and non-investment grade classes. CMBS are secured by, or evidence ownership interest in, a single commercial mortgage loan or a pool of commercial mortgage loans.

Freddie Mac K-Series ("K-Series") include:

- CMBS, Interest-Only securities and CMBS principal-only securities which are regularly-issued by Freddie Mac as structured pass-through securities backed by multifamily mortgage loans. These K-Series feature a wide range of investor options which include guaranteed senior and interest-only bonds as well as unguaranteed senior, mezzanine, subordinate and interest-only bonds. Our K-Series portfolio includes unguaranteed senior, mezzanine, subordinate and interest-only bonds. Throughout Item 2, we categorize our Freddie Mac K-Series interest-only bonds as part of our Interest-Only securities.

ABS

We also invest in asset backed securities, or ABS. Our ABS portfolio may include investment grade and non-investment grade debt and equity tranches of securitizations collateralized by various asset classes, including, but not limited to, small balance commercial mortgages, aircraft, automobiles, credit cards, equipment, manufactured housing, franchises, recreational vehicles and student loans.

Single-Family Rental Properties Segment

Our investment portfolio also includes a stabilized portfolio of single-family rental properties (our "SFR portfolio" or "SFR"). We acquired our SFR portfolio in September 2018 from funds affiliated with Connorex-Lucinda, LLC ("Conrex"). The portfolio includes 1,225 properties located predominately in the Southeast United States. At closing, we entered into a property management services agreement with Conrex whereby Conrex will continue to provide property management services with respect to the properties.

Investment classification

Throughout this Item 2, (1) we use the terms "credit portfolio" and "credit investments" to refer to our Residential Investments, Commercial Investments and ABS, inclusive of investments held within affiliated entities but exclusive of AG Arc (discussed below); (2) we refer to our Re/Non-Performing Loans (exclusive of our RPLs or NPLs in securitized form that we purchase from an affiliate (or affiliates) of the Manager), New Origination Loans, and commercial real estate loans, collectively, as our "loans"; (3) we use the term "credit securities" to refer to our credit portfolio, excluding Excess MSRs and loans; and (4) we use the term "real estate securities" or "securities" to refer to our Agency RMBS portfolio, exclusive of Excess MSRs, and our credit securities. Our "investment portfolio" refers to our combined Agency RMBS portfolio, credit portfolio, and SFR portfolio and encompasses all of the investments described above.

We also use the term "GAAP investment portfolio" which consists of (i) our Agency RMBS, exclusive of (x) TBAs, and (y) any investments classified as "Other assets" on our consolidated balance sheets (our "GAAP Agency RMBS portfolio"), (ii) our credit portfolio, exclusive of (x) all investments held within affiliated entities, and (y) any investments classified as "Other assets" on our consolidated balance sheets (our "GAAP credit portfolio") and (iii) our SFR portfolio. See Note 2 to the Notes to Consolidated Financial Statements for a discussion of our investments held within affiliated entities.

Our "GAAP Securities and Loans Segment" refers to our Securities and Loans Segment, exclusive of (i) all investments held within affiliated entities, (ii) TBAs, and (iii) any investments classified as "Other assets" on our consolidated balance sheets. Our Securities and Loans Segment refers to our Agency RMBS portfolio and our credit portfolio. Our Single-Family Rental Properties Segment refers to our single-family rental properties.

This presentation of our investment portfolio is consistent with how our management evaluates our business, and we believe this presentation, when considered with the GAAP presentation, provides supplemental information useful for investors in evaluating our investment portfolio and financial condition.

Arc Home LLC

We, alongside private funds under the management of Angelo Gordon, through AG Arc LLC, one of our indirect subsidiaries ("AG Arc"), formed Arc Home LLC ("Arc Home"). Arc Home, through its wholly-owned subsidiary, originates conforming, Government, Jumbo and other non-conforming residential mortgage loans, retains the mortgage servicing rights associated with the loans that it originates, and purchases additional mortgage servicing rights from third-party sellers. We consider Arc Home as part of our Securities and Loans Segment.

Market conditions

Including distressed sales, home prices nationwide increased by 4.0% on a year-over-year basis in February 2019 as compared with February 2018, according to data released by CoreLogic. This marks the 85th consecutive monthly increase year-over-year in national home prices. According to CoreLogic's Homeowner Equity Report, in the fourth quarter of 2018, U.S. homeowners with mortgages have seen their equity increase by a total of nearly $678 billion since the fourth quarter of 2017. In the fourth quarter of 2018, as compared to the fourth quarter of 2017, the total number of mortgaged residential properties with negative equity (homes where the homeowner owes more on the home than the home is worth) decreased to 2.2 million homes from 2.6 million homes.

Home prices continued to climb during the quarter, albeit at a slower pace than year-ago levels. Despite slowing growth year-over-year, home prices continue to remain well-supported by tight inventory levels across much of the nation, and the negative equity epidemic has eased due to the rise in home prices over the past several years. Additionally, credit performance in terms of serious delinquencies and subsequent default rates continued to be stable-to-improving. According to CoreLogic's Loan Performance Insights Report, the serious delinquency rate, defined as 90 days or more past due including loans in foreclosure, was 1.4% in January 2019 down from 2.1% in January 2018. This improvement has been driven by the strengthening of borrower's household balance sheets and unemployment remaining low.

After the above trend rate of growth in 2018, all economic indicators pointed to slower growth in the first quarter of 2019 as the fiscal boost from the tax cut waned, global growth stalled and both the government shutdown and trade tensions weighed on sentiment. The labor market continued to tighten in the first quarter, but inflation as measured by year-over-year core PCE slipped below the Fed's target. At the March meeting, the Federal Reserve maintained the federal funds interest rate at a target range of 2.25%-2.50% but moderated its outlook for growth and expressed concern over persistently lower inflation. In response, the Fed pivoted away from its more hawkish message from the fourth quarter by pausing its interest rate tightening campaign in an effort to loosen financial conditions. In the Fed's Summary of Economic Projections, the median fed funds rate projection was reduced from 2.9% to 2.4% in 2019 and 3.1% to 2.6% in 2020 and 2021, respectively, effectively removing all but one tightening through the end of 2021. The Fed also announced that the end of its balance sheet runoff would occur in the third quarter of this year.

Spreads for mortgage sectors were overall tighter during the first quarter of 2019. Agency MBS spreads stabilized despite the decline in treasury and swap yields and an increase in implied volatility during the quarter. Support for the sector was driven by manageable supply and the dovish stance by the Federal Reserve. The CRT market, which also serves as a barometer of overall mortgage credit, stabilized after a volatile year end. Spreads rallied amid increased liquidity and alongside broader market rallies. Legacy RMBS spreads and short-duration non-performing and re-performing loans spreads tightened during the quarter as well. CMBS also stabilized during the quarter, as prices of commercial real estate debt securities that performed the most poorly at the end of 2018 improved the most during the first quarter. CMBS spreads in new issue AAA bonds and BBB securities tightened as well during the quarter. The spread tightening during the quarter primarily drove the increase in MITT's book value.

The market conditions and trends outlined above may have a meaningful impact on our operating results and our existing portfolio and may cause us to adjust our investment and financing strategies over time as new opportunities emerge and the risk profile of our business changes.

Recent government activity

The current regulatory environment may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act or changes to Fannie Mae and Freddie Mac, including with respect to how long they will continue to be in existence, the extent of their roles in the market and what forms they will take. There is a lack of clarity around the impact of such potential reforms on our operations.

Results of operations

Our operating results can be affected by a number of factors and primarily depend on the size and composition of our investment portfolio, the level of our net interest income, the fair market value of our assets and the supply of, and demand for, our target assets in the marketplace, which can be impacted by unanticipated credit events, such as defaults, liquidations or delinquencies, experienced by borrowers whose mortgage loans are included in our investment portfolio. Our primary source of net income available to common stockholders is our net interest income, less our cost of hedging, which represents the difference between the interest earned on our investment portfolio and the costs of financing and hedging our investment portfolio. Our net interest income varies primarily as a result of changes in market interest rates, prepayment speeds, as measured by the Constant Prepayment Rate ("CPR") on the Agency RMBS in our investment portfolio, and our funding and hedging costs.

The table below presents certain information from our consolidated statements of operations for the three months ended March 31, 2019 and March 31, 2018 (in thousands, except for share and per share data):

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Statement of Operations Data:		
Net Interest Income		
Interest income	$ 41,490	$ 39,357
Interest expense	23,341	15,326
Total Net Interest Income	18,149	24,031
Other Income/(Loss)		
Rental income	3,397	—
Net realized gain/(loss)	(20,610)	(11,839)
Net interest component of interest rate swaps	1,781	(1,470)
Unrealized gain/(loss) on real estate securities and loans, net	46,753	(36,155)
Unrealized gain/(loss) on derivative and other instruments, net	(10,086)	37,090
Other income	596	—
Total Other Income/(Loss)	21,831	(12,374)
Expenses		
Management fee to affiliate	2,345	2,439
Other operating expenses	3,830	3,223
Equity based compensation to affiliate	126	51
Excise tax	92	375
Servicing fees	371	62
Property depreciation and amortization	1,447	—
Property operating expenses	1,843	—
Total Expenses	10,054	6,150
Income/(loss) before equity in earnings/(loss) from affiliates	29,926	5,507
Equity in earnings/(loss) from affiliates	(771)	2,740
Net Income/(Loss)	29,155	8,247
Dividends on preferred stock	3,367	3,367
Net Income/(Loss) Available to Common Stockholders	$ 25,788	$ 4,880

Net Income/(Loss) Available to Common Stockholders

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

Net income/(loss) available to common stockholders increased $20.9 million from $4.9 million for the three months ended March 31, 2018 to $25.8 million for the three months ended March 31, 2019, primarily due to higher prices on our securities, which increased our "Unrealized gain/(loss) on real estate securities and loans, net," offset by lower derivative prices, which decreased our "Unrealized gain/(loss) on derivative and other instruments, net."

Interest income

Interest income is calculated using the effective interest method for our GAAP investment portfolio excluding SFR and calculated based on the actual coupon rate and the outstanding principal balance on our U.S. Treasury securities, if any.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

Interest income increased by $2.1 million from $39.4 million at March 31, 2018 to $41.5 million at March 31, 2019 primarily due an increase in the weighted average yield on our GAAP investment portfolio (excluding SFR) and U.S. Treasury securities, if any, during the period of 0.41% from 4.61% for the three months ended March 31, 2018 to 5.02% for the three months ended March 31, 2019. This was offset by a decrease in the weighted average cost of our GAAP investment portfolio (excluding SFR) and U.S. Treasury securities, if any, of $0.1 billion from $3.4 billion at March 31, 2018 to $3.3 billion at March 31, 2019 period over period.

Interest expense

Interest expense is calculated based on the actual financing rate and the outstanding financing balance of our GAAP investment portfolio and U.S. Treasury securities, if any.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

Interest expense increased by $8.0 million from $15.3 million at March 31, 2018 to $23.3 million at March 31, 2019 primarily due to an increase in the weighted average financing rate on our GAAP investment portfolio and U.S. Treasury securities, if any, during the period, by 1.06% from 2.10% for the three months ended March 31, 2018 to 3.16% for the three months ended March 31, 2019. This was coupled with an increase in the weighted average financing balance on our GAAP investment portfolio and U.S. Treasury securities, if any, during the period of $0.1 billion from $2.9 billion for the three months ended March 31, 2018 to $3.0 billion for the three months ended March 31, 2019. Refer to the "Financing activities" section below for a discussion of material changes in our cost of funds.

Rental income

Rental income is accrued monthly on a straight-line basis over the terms of the leases on our SFR portfolio. We acquired a stabilized portfolio of SFR in September 2018.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019, Rental income was $3.4 million. We did not own the SFR portfolio during the three months ended March 31, 2018.

Net realized gain/(loss)

Net realized gain/(loss) represents the net gain or loss recognized on any (i) sales of real estate securities out of our GAAP investment portfolio, (ii) sales of loans out of our GAAP investment portfolio, transfers of loans from our GAAP investment portfolio to real estate owned included in Other assets, and sales of Other assets, (iii) sales of single-family rental properties out of our GAAP investment portfolio, if any, (iv) sales of derivatives and other instruments, and (v) other-than-temporary-impairment ("OTTI") charges recorded during the period. See Note 2, Note 3, Note 4 and Note 5 of the Notes to Consolidated Financial Statements (unaudited) for further discussion on OTTI. The following table presents a summary of Net realized gain/(loss) for the three months ended March 31, 2019 and March 31, 2018 (in thousands):

	Three Months Ended	
	March 31, 2019	**March 31, 2018**
Sale of real estate securities	$ 2,062	$ (12,496)
Sale of loans, and loans transferred to or sold from Other assets	173	392
Settlement of derivatives and other instruments	(19,776)	1,228
OTTI	(3,069)	(963)
Total Net realized gain/(loss)	$ (20,610)	$ (11,839)

Net interest component of interest rate swaps

Net interest component of interest rate swaps represents the net interest income received or expense paid on our interest rate swaps.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

Net interest component of interest rate swaps increased by $3.3 million from $(1.5) million at March 31, 2018 to $1.8 million at March 31, 2019 due to an increase in the average 3 month LIBOR rate (receive rate). Average 3 month LIBOR, the interest rate upon which the floating leg of these derivative instruments are based, increased from 1.925% for the three months ended March 31, 2018 to 2.687% for the three months ended March 31, 2019. This was offset by a decrease in the weighted average swap notional from $2.3 billion at March 31, 2018 to $1.9 billion at March 31, 2019.

Unrealized gain/(loss) on real estate securities and loans, net

Refer to the "Market overview" section of this Item 2 for a discussion of the changes in market pricing which contributed to our "Unrealized gain/(loss) on real estate securities and loans, net" line item. Realized gains and losses on sales of real estate securities and loans can also impact our "Unrealized gain/(loss) on real estate securities and loans, net" as those sales convert unrealized gains and losses into realized gains and losses.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018, Unrealized gain/(loss) on real estate securities and loans, net was $46.8 million and $(36.2) million, respectively. The $46.8 million at March 31, 2019 was comprised of unrealized gains on securities and unrealized losses on loans of $47.2 million and $0.4 million, respectively, during the period.

Unrealized gain/(loss) on derivative and other instruments, net

Refer to the "Market overview" section of this Item 2 for a discussion of the changes in market pricing which contributed to our "Unrealized gain/(loss) on derivative and other instruments, net" line item. Realized gains and losses on sales of derivatives and other instruments can also impact our "Unrealized gain/(loss) on derivative and other instruments, net" as those sales convert unrealized gains and losses into realized gains and losses.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018, Unrealized gain/(loss) on derivative and other instruments, net was $(10.1) million and $37.1 million, respectively. The $(10.1) million at March 31, 2019 was comprised of unrealized losses on certain derivatives and other instruments of $11.0 million and unrealized gains on TBAs of $0.9 million.

Other income

Other income pertains to certain fees we receive on our residential mortgage loans, commercial real estate loans, and CMBS portfolio and ancillary rental income and insurance proceeds we receive on our SFR portfolio.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018, Other income increased as a result of origination fees received related to new commercial real estate loans coupled with insurance proceeds received on our SFR portfolio and increased fees received on our CMBS portfolio.

Management fee to affiliate

Our management fee is based upon a percentage of our Stockholders' Equity. See the "Contractual obligations" section of this Item 2 for further detail on the calculation of our management fee and for the definition of Stockholders' Equity.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018, our management fees were $2.3 million and $2.4 million, respectively. Management fees decreased slightly due to the decrease in our Stockholders' Equity as calculated pursuant to our Management Agreement.

Other operating expenses

These amounts are primarily comprised of professional fees, directors' and officers' ("D&O") insurance and directors' fees, as well as certain expenses reimbursable to the Manager. We are required to reimburse our Manager or its affiliates for operating expenses which are incurred by our Manager or its affiliates on our behalf, including certain salary expenses and other expenses relating to legal, accounting, due diligence and other services. Refer to the "Contractual obligations" section below for more detail on certain expenses reimbursable to the Manager. The following table presents a summary of expenses within Other operating expenses within our reportable segments and corporate for the three months ended March 31, 2019 and March 31, 2018 (in thousands):

	Three Months Ended	
	March 31, 2019	**March 31, 2018**
Corporate		
Affiliate expense reimbursement - Operating expenses	$ 1,745	$ 1,633
Professional fees	440	530
D&O insurance	174	179
Directors' fees and stock compensation	221	201
Other	234	250
Total Corporate	2,814	2,793
Securities and Loans and Single-Family Rental Properties Segments		
Affiliate expense reimbursement - Deal related expenses	194	169
Affiliate expense reimbursement - Transaction related expenses and deal related performance fees	42	—
Professional fees	94	43
Residential mortgage loan related expenses	182	182
Transaction related expenses and deal related performance fees	354	—
Other	150	36
Total Securities and Loans and Single-Family Rental Properties Segments	1,016	430
Total Other operating expenses	$ 3,830	$ 3,223

Equity based compensation to affiliate

Equity based compensation to affiliate represents the amortization of the fair value of our restricted stock units granted to our Manager, less the present value of dividends expected to be paid on the underlying shares through the requisite period.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018, our equity based compensation to affiliate increased due to a retrospective adjustment as a result of updated guidance.

Excise tax

Excise tax represents a four percent tax on the required amount of our ordinary income and net capital gains not distributed during the year. The quarterly expense is calculated in accordance with applicable tax regulations.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018, excise tax was $0.1 million and $0.4 million, respectively. The decrease relates to a true up based on estimated 2018 taxable income taken in the current period.

Servicing fees

We incur servicing fee expenses in connection with the servicing of our Residential mortgage loans. As of March 31, 2019 and March 31, 2018, we owned Residential mortgage loans with fair market value of $202.0 million and $19.9 million, respectively. The increase in fair market value pertains to the purchase of pools of primarily RPLs towards the end of the second and fourth quarters of 2018 and in February 2019.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018 our servicing fees were $0.4 million and $0.1 million, respectively. The increase in fees primarily pertains to purchases of residential mortgage loans in 2018.

Property depreciation and amortization

We recognize straight line depreciation and amortization on our buildings, in-place lease intangibles and any capitalized acquisition, renovation, or other expense that improves or extends the useful life of our SFR portfolio. We acquired a stabilized portfolio of SFR in September 2018.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019, property depreciation and amortization was $1.4 million. There was no property depreciation and amortization for the three months ended March 31, 2018.

Property operating expenses

Property operating expenses may include property taxes, insurance, homeowner association fees, market-level personnel expenses, utility expenses, repairs and maintenance, leasing costs, marketing expenses, and property management fees on our SFR portfolio. Property management fees represent costs associated with the oversight and management of our SFR portfolio. Our SFR portfolio is managed by Conrex. We acquired a stabilized portfolio of SFR in September 2018.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019, Property operating and maintenance expenses were $1.8 million. There were no property operating and maintenance expenses for the three months ended March 31, 2018.

Equity in earnings/(loss) from affiliates

Equity in earnings/(loss) from affiliates represents our share of earnings and profits of investments held within affiliated entities. A majority of these investments are comprised of real estate securities, loans and our investment in AG Arc.

Three Months Ended March 31, 2019 compared to the Three Months Ended March 31, 2018

For the three months ended March 31, 2019 and March 31, 2018, we recorded Equity in earnings/(loss) from affiliates of $(0.8) million and $2.7 million, respectively. The decrease primarily pertains to our share of the unrealized losses on investments held within affiliated entities.

Book value per share

As of March 31, 2019, December 31, 2018 and March 31, 2018, our book value per common share was $17.44, $17.21 and $19.32 respectively.

Undepreciated book value per share is a non-GAAP book value metric which adds accumulated depreciation and amortization back to book value to present an adjusted book value that incorporates the Company's single-family rental property portfolio at its undepreciated basis. This metric allows management to consider the investment portfolio exclusive of non-cash adjustments and facilitates the comparison of our financial performance to peer REITs. A reconciliation of book value per share to undepreciated book value per share as of March 31, 2019, December 31, 2018 and March 31, 2018 is presented below.

	March 31, 2019	December 31, 2018	March 31, 2018
Book value per share	$ 17.44	$ 17.21	$ 19.32
Add back: Accumulated depreciation and amortization per share	0.12	0.09	—
Undepreciated book value per share	$ 17.56	$ 17.30	$ 19.32

Per share amounts for book value are calculated using all outstanding common shares in accordance with GAAP, including all vested shares granted to AG REIT Management, LLC, our external manager, and our independent directors under our equity incentive plans as of quarter-end. Book value is calculated using stockholders' equity less net proceeds of the Company's 8.25% Series A and 8.00% Series B Cumulative Redeemable Preferred Stock as the numerator.

Presentation of investment, financing and hedging activities

In the "Investment activities," "Financing activities," "Hedging activities" and "Liquidity and capital resources" sections of this Item 2, where we disclose our investment portfolio and the related financing arrangements, we have presented this information inclusive of (i) unconsolidated ownership interests in affiliates that are accounted for under GAAP using the equity method and (ii) TBAs, which are accounted for as derivatives under GAAP. Our investment portfolio and the related financing arrangements are presented along with a reconciliation to GAAP. This presentation of our investment portfolio is consistent with how our management evaluates the business, and we believe this presentation, when considered with the GAAP presentation, provides supplemental information useful for investors in evaluating our investment portfolio and financial condition. See Note 2 to the "Notes to Consolidated Financial Statements (unaudited)" for a discussion of investments in debt and equity of affiliates and TBAs.

Net interest margin and leverage ratio

GAAP net interest margin and net interest margin, a non-GAAP financial measure, are calculated by subtracting the weighted average cost of funds from the weighted average yield for our GAAP investment portfolio or our investment portfolio, respectively, which both exclude cash held by us and any net TBA position. The weighted average yield on our Agency RMBS portfolio and our credit portfolio represents an effective interest rate, which utilizes all estimates of future cash flows and adjusts for actual prepayment and cash flow activity as of quarter-end. The weighted average yield on our SFR portfolio represents annualized net operating income for the quarter divided by the carrying value of our SFR portfolio gross of accumulated depreciation and amortization. Net operating income on our SFR portfolio is comprised of rental income and other SFR related income less property operating expenses. The calculation of weighted average yield is weighted on net carrying value. The weighted average cost of funds is the sum of the weighted average funding costs on total financing outstanding at quarter-end and our weighted average hedging cost, which is the weighted average of the net pay rate on our interest rate swaps, the net receive/pay rate on our Treasury long and short positions, respectively, and the net receivable rate on our IO index derivatives, if any. Both elements of cost of funds are weighted by the outstanding financing arrangements on our GAAP investment portfolio or our investment portfolio and securitized debt at quarter-end, exclusive of repurchase agreements associated with U.S. Treasury securities, if any.

Net interest margin and leverage ratio can be used to calculate the return on equity of our investment portfolio and Management believes that these metrics should be considered together when evaluating the performance of our investment portfolio. See the "Financing activities" section below for more detail on our leverage ratio.

The chart below sets forth the net interest margin and leverage ratio from our investment portfolio as of March 31, 2019 and March 31, 2018 and a reconciliation to our GAAP investment portfolio:

March 31, 2019

Weighted Average	GAAP Investment Portfolio	Other Assets	Investments in Debt and Equity of Affiliates	Investment Portfolio**
Yield*	5.03%	—%	6.10%	5.16%
Cost of Funds	2.96%	—%	4.95%	3.07%
Net Interest Margin	2.07%	—%	1.15%	2.09%
Leverage Ratio	4.3x	N/A	***	4.7x

March 31, 2018

Weighted Average	GAAP Investment Portfolio	Other Assets	Investments in Debt and Equity of Affiliates	Investment Portfolio**
Yield	4.82%	9.94%	6.73%	4.99%
Cost of Funds	2.18%	—	4.04%	2.30%
Net Interest Margin	2.64%	9.94%	2.69%	2.69%
Leverage Ratio	4.1x	N/A	***	4.6x

*Yield of 4.49% on SFR portfolio is based on annualized quarterly net operating income divided by carrying value, gross of accumulated depreciation and amortization.
**Excludes any net TBA position.
***Refer to the "Financing activities" section below for an aggregate breakout of leverage.

Core Earnings

We define Core Earnings, a non-GAAP financial measure, as Net Income/(loss) available to common stockholders excluding (i) unrealized gains/(losses) on securities, loans, derivatives and other investments and realized gains/(losses) on the sale or termination of such instruments, (ii) beginning with Q2 2018, as a policy change, any transaction related expenses incurred in connection with the acquisition or disposition of our investments, (iii) beginning with Q3 2018, concurrent with a change in our business, any depreciation or amortization expense related to our SFR portfolio, (iv) beginning with Q3 2018, as a policy change, accrued deal related performance fees payable to Arc Home and third party operators to the extent the primary component of the accrual relates to items that are excluded from Core Earnings, such as unrealized and realized gains/(losses), and (v) beginning with Q4 2018 and applied retrospectively, as a policy change, realized and unrealized changes in the fair value of Arc Home's net mortgage servicing rights as well as realized and unrealized changes in the fair value of derivatives that are intended to offset changes in the fair value of those net mortgage servicing rights. Items (i) through (v) above include any amounts related to those items held in affiliated entities. Management considers the transaction related expenses referenced in (ii) above to be similar to realized losses incurred at acquisition or disposition and does not view them as being part of its core operations. Management views the exclusion described in (v) above to be consistent with how it calculates Core Earnings on the remainder of its portfolio. As defined, Core Earnings include the net interest income and other income earned on our investments on a yield adjusted basis, including TBA dollar roll income or any other investment activity that may earn or pay net interest or its economic equivalent. One of our objectives is to generate net income from net interest margin on the portfolio, and management uses Core Earnings to help measure this objective. Management believes that this non-GAAP measure, when considered with our GAAP financials, provides supplemental information useful for investors as it enables them to evaluate our current core performance using the same measure that management uses to operate the business. This metric, in conjunction with related GAAP measures, provides greater transparency into the information used by our management team in its financial and operational decision-making. Our presentation of Core Earnings may not be comparable to similarly-titled measures of other companies, who may use different calculations. This non-GAAP measure should not be considered a substitute for, or superior to, the financial measures calculated in accordance with GAAP. Our GAAP financial results and the reconciliations from these results should be carefully evaluated. Refer to the "Results of Operations" section above for a detailed discussion of our GAAP financial results.

A reconciliation of "Net Income/(loss) available to common stockholders" to Core Earnings for the three months ended March 31, 2019 and March 31, 2018 is set forth below (in thousands, except for share and per share data):

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net Income/(loss) available to common stockholders	$ 25,788	$ 4,880
Add (Deduct):		
Net realized (gain)/loss	20,610	11,839
Dollar roll income	357	488
Equity in (earnings)/loss from affiliates	771	(2,740)
Net interest income and expenses from equity method investments (a)	1,004	1,698
Transaction related expenses and deal related performance fees (b)(c)	458	—
Property depreciation and amortization	1,447	—
Other income	(147)	—
Unrealized (gain)/loss on real estate securities and loans, net	(46,753)	36,155
Unrealized (gain)/loss on derivative and other instruments, net	10,086	(37,090)
Core Earnings (d)	$ 13,621	$ 15,230
Core Earnings, per Diluted Share (d)	$ 0.45	$ 0.54

(a) For the three months ended March 31, 2019 and March 31, 2018, $(2.8) million or $(0.09) per diluted share and $1.3 million or $0.05 per diluted share, respectively, of realized and unrealized changes in the fair value of Arc Home's net mortgage servicing rights and corresponding derivatives were excluded from Core earnings per diluted share as a result of our modification to the definition and calculation of Core Earnings in Q4 2018.

(b) For the three months ended March 31, 2018, the above chart was not adjusted for transaction related expenses of $0.1 million, as they did not have a material impact on Core Earnings for the period. Our policy with respect to transaction related expenses was modified in Q2 2018.

(c) For the three months ended March 31, 2018, the above chart was not adjusted for deal related performance fees as they did not have a material impact on Core Earnings for the period. Our policy with respect to deal related performance fees was modified in Q3 2018.
(d) The three months ended March 31, 2019 and March 31, 2018 include cumulative retrospective adjustments of $(0.3) million or $(0.01) per diluted share and $0.4 million or $0.02 per diluted share, respectively, on the premium amortization for investments accounted for under ASC 320-10.

Investment activities

We opportunistically invest in a diversified risk-adjusted portfolio of Agency RMBS, Credit Investments, and Single-Family Rental Properties. Our Credit Investments include our Residential Investments, Commercial Investments, and ABS Investments.

The risk-reward profile of our investment opportunities changes continuously with the market, with labor, housing and economic fundamentals, and with U.S. monetary policy, among others. As a result, in reacting to market conditions and taking into account a variety of other factors, including liquidity, duration, interest rate expectations and hedging, the mix of our assets changes over time as we opportunistically deploy capital.

We evaluate investments in Agency RMBS using factors including expected future prepayment trends, supply of and demand for Agency RMBS, costs of financing, costs of hedging, expected future interest rate volatility and the overall shape of the U.S. Treasury and interest rate swap yield curves. Prepayment speeds, as reflected by the CPR and interest rates vary according to the type of investment, conditions in financial markets, competition and other factors, none of which can be predicted with any certainty. In general, as prepayment speeds on our Agency RMBS portfolio increase, the related purchase premium amortization increases, thereby reducing the net yield on such assets.

Our credit investments are subject to risk of loss with regard to principal and interest payments. We evaluate each investment in our credit portfolio based on the characteristics of the underlying collateral and the securitization structure. We maintain a comprehensive portfolio management process that generally includes day-to-day oversight by the portfolio management team and a quarterly credit review process for each investment that examines the need for a potential reduction in accretable yield, missed or late contractual payments, significant declines in collateral performance, prepayments, projected defaults, loss severities and other data which may indicate a potential issue in our ability to recover our capital from the investment. These processes are designed to enable our Manager to evaluate and proactively manage asset-specific credit issues and identify credit trends on a portfolio-wide basis. Nevertheless, we cannot be certain that our review will identify all issues within our portfolio due to, among other things, adverse economic conditions or events adversely affecting specific assets. Therefore, potential future losses may also stem from issues with our investments that are not identified by our credit reviews.

Our SFR portfolio is comprised of 1,225 properties located predominantly in the Southeast United States. The values of these properties are subject to volatility and may be affected adversely by a number of factors, including, but not limited to: national, regional and local economic conditions, local real estate conditions, construction quality, age and design; demographic factors; and retroactive changes to building or similar codes.

The following table presents a detailed break-down of our investment portfolio as of March 31, 2019 and December 31, 2018 and a reconciliation to our GAAP Investment Portfolio (in thousands):

	Amortized Cost		Carrying Value (a)		Percent of Investment Portfolio Carrying Value		Leverage Ratio (b)	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Securities and Loans Segment								
Agency RMBS	$ 2,406,039	$ 2,019,617	$ 2,439,529	$ 2,015,586	59.6%	56.6%	8.2x	7.0x
Residential Investments	1,045,311	969,484	1,100,346	1,019,116	26.9%	28.6%	3.0x	3.4x
Commercial Investments	370,965	348,720	391,967	365,052	9.6%	10.3%	2.1x	2.4x
ABS	20,489	21,946	20,199	21,160	0.5%	0.6%	0.9x	1.0x
Total Securities and Loans Segment	3,842,804	3,359,767	3,952,041	3,420,914	96.6%	96.1%	4.8x	4.7x
Single-Family Rental Properties Segment								
Single-Family Rental Properties	137,886	138,678	137,886	138,678	3.4%	3.9%	2.7x	2.7x
Total: Investment Portfolio	$ 3,980,690	$ 3,498,445	$ 4,089,927	$ 3,559,592	100.0%	100.0%	4.7x	4.6x
Investments in Debt and Equity of Affiliates (c)	$ 242,552	$ 212,349	$ 244,867	$ 213,419	N/A	N/A	(d)	(d)
TBAs	$ 125,787	$ —	$ 126,680	$ —	N/A	N/A	(d)	(d)
Total: GAAP Investment Portfolio	$ 3,612,351	$ 3,286,096	$ 3,718,380	$ 3,346,173	N/A	N/A	4.3x	4.3x

(a) Carrying value represents fair value, except in the case of Single-family rental properties, where it represents cost less accumulated depreciation and amortization.
(b) The leverage ratio on Agency RMBS includes any net receivables on TBA. The leverage ratio by type of investment is calculated by dividing the investment type's total financing by its allocated equity (described in the chart below).
(c) Net of any non-recourse securitized debt as applicable.
(d) Refer to the "Financing activities" section below for an aggregate breakout of leverage.

We allocate our equity by investment using the fair market value of our investment portfolio, less any associated leverage, inclusive of any long TBA position (at cost). We allocate all non-investment portfolio related items based on their respective characteristics, beginning by allocating those items within the Securities and Loans Segment and Single-Family Rental Properties Segment and then allocating Corporate between the Securities and Loans Segment and Single-Family Rental Properties Segment in order to sum to stockholders' equity per the consolidated balance sheets. Our equity allocation method is a non-GAAP methodology and may not be comparable to the similarly titled measure or concepts of other companies, who may use different calculations and allocation methodologies.

The following table presents a summary of the allocated equity of our investment portfolio as of March 31, 2019 and December 31, 2018 (in thousands):

	Allocated Equity		Percent of Equity	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Securities and Loans Segment				
Agency RMBS	$ 271,611	$ 257,454	37.1%	39.2%
Residential Investments	285,525	241,284	39.0%	36.8%
Commercial Investments	126,257	109,159	17.3%	16.6%
ABS	10,581	10,293	1.4%	1.6%
Total Securities and Loans Segment	693,974	618,190	94.8%	94.2%
Single-Family Rental Properties Segment				
Single-Family Rental Properties	37,662	37,821	5.2%	5.8%
Total	$ 731,636	$ 656,011	100.0%	100.0%

Securities and Loans Segment

The following table presents a reconciliation of our Securities and Loans Segment to our GAAP Securities and Loan Segment as of March 31, 2019 (in thousands):

Instrument	Current Face	Amortized Cost	Unrealized Mark-to-Market	Fair Value (1)	Weighted Average Coupon (2)	Weighted Average Yield	Weighted Average Life (Years) (3) (4)
Agency RMBS:							
30 Year Fixed Rate	$ 2,046,873	$ 2,105,397	$ 34,584	$ 2,139,981	4.10%	3.61%	7.66
Fixed Rate CMO	42,622	42,920	(9)	42,911	3.00%	2.79%	3.70
Inverse Interest Only	289,318	48,660	288	48,948	3.68%	9.50%	6.51
Interest Only	359,376	57,818	(1,677)	56,141	3.55%	5.62%	5.05
Excess MSR (5)	3,631,450	25,457	(589)	24,868	N/A	9.22%	6.43
Fixed Rate 30 Year TBA (6)	125,000	125,787	893	126,680	3.50%	N/A	N/A
Total Agency RMBS	6,494,639	2,406,039	33,490	2,439,529	3.95%	3.82%	6.73
Credit Investments:							
Residential Investments							
Prime (7)	366,277	270,768	30,966	301,734	4.80%	7.25%	10.97
Alt-A/Subprime (7)	201,087	119,227	12,385	131,612	4.54%	6.77%	7.26
Credit Risk Transfer	197,130	197,453	7,799	205,252	6.00%	6.11%	6.43
RPL/NPL Securities	200	200	—	200	6.97%	6.97%	0.07
Interest Only and Excess MSR (8)	322,643	3,259	(556)	2,703	0.63%	17.60%	5.45
Re/Non-Performing Loans	388,694	311,053	3,413	314,466	4.88%	7.75%	6.17
New Origination Loans	139,578	143,351	1,028	144,379	6.23%	5.18%	2.73
Total Residential Investments	1,615,609	1,045,311	55,035	1,100,346	4.65%	6.88%	6.98
Commercial Investments							
CMBS	147,223	141,453	547	142,000	5.90%	6.26%	2.49
Freddie Mac K-Series	201,982	72,349	16,973	89,322	6.01%	12.27%	9.31
Interest Only (9)	3,525,249	47,175	3,247	50,422	0.23%	6.92%	3.32
Commercial Real Estate Loans	110,223	109,988	235	110,223	7.54%	7.87%	1.00
Total Commercial Investments	3,984,677	370,965	21,002	391,967	0.69%	8.17%	3.53
ABS	20,605	20,489	(290)	20,199	9.72%	10.24%	5.13
Total Credit Investments	5,620,891	1,436,765	75,747	1,512,512	1.74%	7.26%	4.53
Total: Securities and Loans Segment	$ 12,115,530	$ 3,842,804	$ 109,237	$ 3,952,041	2.53%	5.18%	5.70
Investments in Debt and Equity of Affiliates	$ 569,378	$ 242,552	$ 2,315	$ 244,867	3.57%	6.10%	4.68
TBAs	$ 125,000	$ 125,787	$ 893	$ 126,680	3.50%	N/A	N/A
Total: GAAP Securities and Loans Segment	$ 11,421,152	$ 3,474,465	$ 106,029	$ 3,580,494	2.47%	5.05%	5.73

(1) Refer to "Off-balance sheet arrangements" section below and Note 2 to the Notes of the Consolidated Financial Statements section for more detail on our what is included in our "Investments in debt and equity of affiliates" line item on our consolidated balance sheet and a discussion of Investments in debt and equity of affiliates.
(2) Equity residuals, principal only securities and Excess MSRs with a zero coupon rate are excluded from this calculation.
(3) Fixed Rate 30 Year TBA are excluded from this calculation.
(4) This is based on projected life. Typically, actual maturities of investments and loans are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(5) Excess MSRs whose underlying collateral is securitized in a trust held by a U.S. government agency or GSE.
(6) Represents long positions in Fixed Rate 30 Year TBA.
(7) Non-Agency RMBS with credit scores above 700, between 700 and 620 and below 620 at origination are classified as Prime, Alt-A, and Subprime, respectively. The weighted average credit scores of our Prime and Alt-A/Subprime Non-Agency RMBS were 718 and 664, respectively.

(8) Excess MSRs whose underlying collateral is securitized in a trust not held by a U.S. government agency or GSE.
(9) Includes Freddie Mac K-Series interest-only bonds.

The following table presents a reconciliation of our Securities and Loans Segment to our GAAP Securities and Loan Segment as of December 31, 2018 (in thousands):

Instrument	Current Face	Amortized Cost	Unrealized Mark-to-Market	Fair Value (1)	Weighted Average Coupon (2)	Weighted Average Yield	Weighted Average Life (Years) (3) (4)
Agency RMBS:							
30 Year Fixed Rate	$ 1,781,995	$ 1,832,745	$ (2,630)	$ 1,830,115	4.08%	3.66%	8.82
Fixed Rate CMO	44,418	44,745	(388)	44,357	3.00%	2.79%	3.95
Inverse Interest Only	310,065	52,952	(594)	52,358	3.68%	9.84%	6.83
Interest Only	370,679	62,132	(682)	61,450	3.55%	6.67%	5.20
Excess MSR (5)	3,723,025	27,043	263	27,306	N/A	10.45%	6.76
Total Agency RMBS	6,230,182	2,019,617	(4,031)	2,015,586	3.94%	3.98%	7.24
Credit Investments:							
Residential Investments							
Prime (6)	388,021	287,754	28,637	316,391	4.83%	7.19%	10.95
Alt-A/Subprime (6)	209,577	125,896	11,789	137,685	4.76%	6.81%	7.30
Credit Risk Transfer	144,215	144,409	5,259	149,668	6.13%	6.26%	5.97
RPL/NPL Securities	310	310	—	310	6.97%	6.97%	0.25
Interest Only and Excess MSR (7)	337,908	3,373	(65)	3,308	0.63%	22.02%	5.51
Re/Non-Performing Loans	369,803	294,803	3,624	298,427	4.86%	7.71%	5.73
New Origination Loans	109,960	112,939	388	113,327	6.14%	5.06%	2.89
Total Residential Investments	1,559,794	969,484	49,632	1,019,116	4.58%	6.97%	7.01
Commercial Investments							
CMBS	172,095	131,159	(1,330)	129,829	6.14%	6.74%	3.64
Freddie Mac K-Series	202,176	70,590	14,694	85,284	5.89%	12.24%	9.56
Interest Only (8)	3,534,050	48,398	2,967	51,365	0.23%	6.87%	3.43
Commercial Real Estate Loans	98,574	98,573	1	98,574	7.45%	7.65%	0.92
Total Commercial Investments	4,006,895	348,720	16,332	365,052	0.65%	8.29%	3.69
ABS	22,125	21,946	(786)	21,160	9.49%	10.22%	5.38
Total Credit Investments	5,588,814	1,340,150	65,178	1,405,328	1.66%	7.36%	4.62
Total: Securities and Loans Segment	$ 11,818,996	$ 3,359,767	$ 61,147	$ 3,420,914	2.41%	5.37%	6.00
Investments in Debt and Equity of Affiliates	$ 544,914	$ 212,349	$ 1,070	$ 213,419	3.29%	6.49%	5.10
Total: GAAP Securities and Loans Segment	$ 11,274,082	$ 3,147,418	$ 60,077	$ 3,207,495	2.38%	5.29%	6.04

(1) Refer to "Off-balance sheet arrangements" section below and Note 2 to the Notes of the Consolidated Financial Statements section for more detail on our what is included in our "Investments in debt and equity of affiliates" line item on our consolidated balance sheet and a discussion of Investments in debt and equity of affiliates.
(2) Equity residuals, principal only securities and Excess MSRs with a zero coupon rate are excluded from this calculation.
(3) Fixed Rate 30 Year TBA are excluded from this calculation.
(4) This is based on projected life. Typically, actual maturities of investments and loans are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.
(5) Excess MSRs whose underlying collateral is securitized in a trust held by a U.S. government agency or GSE.
(6) Non-Agency RMBS with credit scores above 700, between 700 and 620 and below 620 at origination are classified as Prime, Alt-A, and Subprime, respectively. The weighted average credit scores of our Prime and Alt-A/Subprime Non-Agency RMBS were 719 and 665, respectively.
(7) Excess MSRs whose underlying collateral is securitized in a trust not held by a U.S. government agency or GSE.
(8) Includes Freddie Mac K-Series interest-only bonds.

The following table presents the fair value (in thousands) and the CPR experienced on our GAAP Agency RMBS portfolio, on an annualized basis, as of the periods presented:

	Fair Value				CPR (1)(2)	
Agency RMBS	March 31, 2019		December 31, 2018		March 31, 2019	December 31, 2018
30 Year Fixed Rate	$	2,139,981	$	1,830,115	4.2%	4.0%
Fixed Rate CMO		42,911		44,357	6.2%	5.2%
ARM (3)		—		—	—%	11.4%
Inverse Interest Only		48,948		52,358	6.1%	6.8%
Interest Only		56,141		61,450	7.2%	8.6%
Total/Weighted Average	$	2,287,981	$	1,988,280	4.3%	4.4%

(1) Represents the weighted average monthly CPRs published during the quarters ended of March 31, 2019 and December 31, 2018 for our in-place portfolio as of the same period.
(2) Source: Bloomberg
(3) We held ARMs during the fourth quarter of 2018, but sold them prior to December 31, 2018.

The following table presents the fair value of our credit portfolio and a reconciliation to our GAAP credit portfolio (in thousands):

	Fair Value			
	March 31, 2019		December 31, 2018	
Non-Agency RMBS (1)	$	750,566	$	716,197
CMBS (2)		281,744		266,478
ABS		20,199		21,160
Total Credit securities		1,052,509		1,003,835
Residential loans (3)		349,780		302,919
Commercial real estate loans		110,223		98,574
Total loans		460,003		401,493
Total Credit investments	$	1,512,512	$	1,405,328
Less: Investments in Debt and Equity of Affiliates	$	244,097	$	212,555
Total GAAP Credit Portfolio	$	1,268,415	$	1,192,773

(1) Includes investments in Prime, Alt-A/Subprime, Credit Risk Transfer, RPL/NPL Securities, Interest-Only and Excess MSR, and Re/Non-Performing Loans that are held in securitized form.
(2) Includes CMBS, Freddie Mac K-Series, and Interest-Only investments.
(3) Includes Re/Non-Performing Loans that are not held in securitized form and New Origination Loans.

The following table presents certain information grouped by vintage as it relates to our credit securities portfolio as of March 31, 2019 (in thousands). We have also presented a reconciliation to GAAP.

Credit Securities:	**Current Face**	**Amortized Cost**	**Unrealized Mark-to-Market**	**Fair Value (1)**	**Weighted Average Coupon (2)**	**Weighted Average Yield**	**Weighted Average Life (Years) (3)**
Pre 2009	$ 338,400	$ 248,930	$ 27,840	$ 276,770	4.96%	6.98%	11.60
2010	1,321	1,163	10	1,173	2.68%	5.23%	2.92
2011	6,041	5,322	60	5,382	4.35%	6.30%	4.99
2012	4,708	3,912	536	4,448	4.26%	6.81%	3.58
2013	71,010	12,653	1,551	14,204	2.03%	7.83%	2.76
2014	985,463	33,516	4,537	38,053	0.28%	10.89%	0.90
2015	1,127,706	115,117	17,478	132,595	0.75%	8.99%	4.22
2016	1,288,820	111,549	13,868	125,417	0.75%	8.17%	4.85
2017	833,022	212,597	7,509	220,106	1.63%	7.53%	5.27
2018	351,684	152,913	75	152,988	2.36%	7.28%	5.41
2019	80,926	80,974	399	81,373	5.25%	5.23%	6.05
Total: Credit Securities	$ 5,089,101	$ 978,646	$ 73,863	$ 1,052,509	1.30%	7.54%	4.49
Investments in Debt and Equity of Affiliates	$ 270,695	$ 95,533	$ 1,034	$ 96,567	1.58%	7.86%	4.99
Total: GAAP Basis	$ 4,818,406	$ 883,113	$ 72,829	$ 955,942	1.29%	7.51%	4.46

(1) Net of any non-recourse securitized debt.
(2) Equity residual investments and principal only securities are excluded from this calculation.
(3) This is based on projected life. Typically, actual maturities of mortgage-backed securities are shorter than stated contractual maturities. Actual maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.

The following table presents certain information grouped by vintage as it relates to our credit securities portfolio as of December 31, 2018 (in thousands). We have also presented a reconciliation to GAAP.

Credit Securities:	**Current Face**	**Amortized Cost**	**Unrealized Mark-to-Market**	**Fair Value (1)**	**Weighted Average Coupon (2)**	**Weighted Average Yield**	**Weighted Average Life (Years) (3)**
Pre 2009	$ 409,237	$ 279,978	$ 26,811	$ 306,789	4.98%	7.01%	10.79
2010	1,415	1,237	18	1,255	2.51%	6.14%	2.94
2011	6,144	5,405	5	5,410	4.31%	6.03%	5.00
2012	4,966	4,147	545	4,692	4.22%	6.30%	3.59
2013	71,948	13,662	1,569	15,231	2.04%	7.57%	2.89
2014	991,192	33,899	3,956	37,855	0.28%	10.42%	1.01
2015	1,140,335	112,805	16,128	128,933	0.74%	9.19%	4.36
2016	1,292,975	111,709	12,800	124,509	0.78%	8.11%	4.96
2017	833,086	211,172	3,817	214,989	1.64%	7.58%	5.46
2018	366,221	166,254	(2,082)	164,172	2.49%	7.35%	5.51
Total: Credit Portfolio	$ 5,117,519	$ 940,268	$ 63,567	$ 1,003,835	1.28%	7.73%	4.62
Investments in Debt and Equity of Affiliates	$ 271,780	$ 95,474	$ 466	$ 95,940	1.60%	8.26%	5.19
Total: GAAP Basis	$ 4,845,739	$ 844,794	$ 63,101	$ 907,895	1.26%	7.67%	4.59

(1) Net of any non-recourse securitized debt.
(2) Equity residual investments and principal only securities are excluded from this calculation.
(3) This is based on projected life. Typically, actual maturities of mortgage-backed securities are shorter than stated contractual maturities. Actual maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.

The following table presents the fair value of our credit securities portfolio by credit rating as of March 31, 2019 and December 31, 2018 (in thousands):

Credit Rating - Credit Securities (1)	March 31, 2019 (2)	December 31, 2018 (2)
AAA	$ 22,994	$ 15,240
A	24,094	24,824
BBB	26,065	27,510
BB	61,978	71,678
B	170,025	146,753
Below B	125,499	144,962
Not Rated	621,854	572,868
Total: Credit Securities	$ 1,052,509	$ 1,003,835
Investments in Debt and Equity of Affiliates	$ 96,567	$ 95,939
Total: GAAP Basis	$ 955,942	$ 907,896

(1) Represents the minimum rating for rated assets of S&P, Moody and Fitch credit ratings, stated in terms of the S&P equivalent.
(2) Net of any non-recourse securitized debt.

The following tables present the geographic concentration of the underlying collateral for our Non-Agency RMBS and CMBS portfolios (in thousands):

March 31, 2019

Non-Agency RMBS			**CMBS (1)**		
State	**Fair Value (2)**	**Percentage (2)**	**State**	**Fair Value (2)**	**Percentage (2)**
California	$ 153,631	22.5%	California	$ 35,845	12.9%
Florida	45,967	6.7%	Texas	30,679	11.0%
New York	40,241	5.9%	New York	27,287	9.8%
Colorado	30,570	4.5%	Florida	21,631	7.8%
Georgia	28,313	4.1%	New Jersey	17,125	6.2%
Other	451,844	56.3%	Other	149,177	52.3%
Total	$ 750,566	100.0%	**Total**	$ 281,744	100.0%

(1) CMBS includes all commercial credit securities, including CMBS, Freddie Mac K-Series, and Interest-Only investments.
(2) Non-Agency RMBS and CMBS fair value include $66.8 million and $4.0 million, respectively, of investments where there was no data regarding the underlying collateral. These positions were excluded from the percent calculation.

December 31, 2018

Non-Agency RMBS			**CMBS (1)**		
State	**Fair Value (2)**	**Percentage (2)**	**State**	**Fair Value**	**Percentage**
California	$ 149,417	23.4%	Texas	$ 29,064	10.9%
Florida	42,175	6.6%	California	26,174	9.8%
New York	40,667	6.4%	Florida	23,254	8.7%
Colorado	28,180	4.4%	New York	21,446	8.0%
Georgia	26,551	4.2%	New Jersey	20,756	7.8%
Other	429,207	55.0%	Other	145,784	54.8%
Total	$ 716,197	100.0%	**Total**	$ 266,478	100.0%

(1) CMBS includes all commercial credit securities, including CMBS, Freddie Mac K-Series, and Interest-Only investments.
(2) Fair value includes $78.8 million of investments where there was no data regarding the underlying collateral. These positions were excluded from the percent calculation.

See Note 4 to the Consolidated Financial Statements (unaudited) for a breakout of geographic concentration of credit risk within loans we include in the "Residential mortgage loans, at fair value" line item on our consolidated balance sheets.

The following tables present certain information regarding credit quality for certain categories within our Non-Agency RMBS and CMBS portfolios (in thousands):

March 31, 2019

Non-Agency RMBS*

Category	Fair Value	Weighted Average 60+ Days Delinquent	Weighted Average Loan Age (Months)	Weighted Average Credit Enhancement
Prime	$ 301,734	10.4%	126.9	13.1%
Alt-A/Subprime	131,612	13.4%	155.4	16.4%
Credit Risk Transfer	205,252	0.3%	21.3	1.3%
RPL/NPL Securities	200	62.5%	65.0	92.7%

CMBS*

Category	Fair Value	Weighted Average 60+ Days Delinquent	Weighted Average Loan Age (Months)	Weighted Average Credit Enhancement
CMBS	$ 142,000	1.8%	28.9	15.6%
Freddie Mac K Series	89,322	0.7%	41.5	0.5%

December 31, 2018

Non-Agency RMBS*

Category	Fair Value	Weighted Average 60+ Days Delinquent	Weighted Average Loan Age (Months)	Weighted Average Credit Enhancement
Prime	$ 316,391	10.4%	133.2	11.9%
Alt-A/Subprime	137,685	14.5%	152.3	16.3%
Credit Risk Transfer	149,668	0.3%	24.0	1.2%
RPL/NPL Securities	310	66.7%	62.0	89.3%

CMBS*

Category	Fair Value	Weighted Average 60+ Days Delinquent	Weighted Average Loan Age (Months)	Weighted Average Credit Enhancement
CMBS	$ 129,829	1.1%	29.6	13.6%
Freddie Mac K Series	85,284	0.7%	39.7	0.6%

*Sources: Intex, Trepp

Single-Family Rental Properties Segment

The following table presents information by state on our SFR portfolio as of March 31, 2019.

State	Number of Properties	Average Occupancy	Average Monthly Rent (a)	Average Monthly Rent PSF (a)	Percent of Rental Income (b)
South Carolina	436	94.3%	$ 1,079	$ 0.75	37.8%
Alabama	296	93.2%	1,003	0.66	23.7%
Georgia	210	93.3%	917	0.62	15.4%
North Carolina	121	92.5%	963	0.70	9.1%
Ohio	70	97.1%	1,077	0.78	6.3%
Indiana	49	95.9%	1,068	0.69	4.3%
Tennessee	43	88.4%	1,041	0.71	3.4%
Total	**1,225**	**93.7%**	**$ 1,020**	**$ 0.70**	**100.0%**

(a) Represents average monthly rent, based on contractual amounts for occupied residences as of March 31, 2019.
(b) Represents the percentage of total contractual rents for occupied residences in each state as of March 31, 2019.

The following table presents information by state on our SFR portfolio as of December 31, 2018.

State	Number of Properties	Average Occupancy	Average Monthly Rent (a)	Average Monthly Rent PSF (a)	Percent of Rental Income (b)
South Carolina	436	85.8%	$ 1,081	$ 0.77	36.8%
Alabama	296	90.9%	1,005	0.67	24.6%
Georgia	210	89.0%	917	0.63	15.6%
North Carolina	121	84.3%	964	0.72	9.0%
Ohio	70	91.4%	1,072	0.80	6.2%
Indiana	49	93.9%	1,067	0.70	4.5%
Tennessee	43	81.4%	1,033	0.68	3.3%
Total	**1,225**	**87.9%**	**$ 1,020**	**$ 0.71**	**100.0%**

(a) Represents average monthly rent, based on contractual amounts for occupied residences as of December 31, 2018.
(b) Represents the percentage of total contractual rents for occupied residences in each state as of December 31, 2018.

Financing activities

We use leverage to purchase real estate, real estate securities, and loans in our investment portfolio. In 2019 and 2018, our leverage has primarily been in the form of repurchase agreements, facilities, and securitized debt. Repurchase agreements involve the sale and a simultaneous agreement to repurchase the transferred assets or similar assets at a future date. The amount borrowed generally is equal to the fair value of the assets pledged less an agreed-upon discount, referred to as a "haircut." The size of the haircut reflects the perceived risk associated with the pledged asset. Haircuts may change as our financing arrangements mature or roll and are sensitive to governmental regulations. We did not experience fluctuations in our haircuts that caused us to alter our business and financing strategies for the three months ended March 31, 2019, but we continue to monitor the regulatory environment, which may influence the timing and amount of our financing activity. We seek to obtain financing from multiple different counterparties in order to reduce our financing risk related to any single counterparty. We had outstanding debt with 32 and 31 counterparties at March 31, 2019 and December 31, 2018, respectively.

The vast majority of our financing arrangements are repurchase agreements. Our repurchase agreements are accounted for as financings and require the repurchase of the transferred securities or loans or repayment of the advance at the end of each agreement's term, typically 30 to 90 days. If we maintain the beneficial interest in the specific assets pledged during the term of the borrowing, we receive the related principal and interest payments. If we do not maintain the beneficial interest in the specific assets pledged during the term of the borrowing, we will have the related principal and interest payments remitted to us by the lender. Interest rates on borrowings are fixed based on prevailing rates corresponding to the terms of the borrowings, and interest is paid at the termination of the borrowing at which time we may enter into a new borrowing arrangement at prevailing market rates with the same counterparty or repay that counterparty and negotiate financing with a different counterparty. In response to declines in fair value of pledged assets due to changes in market conditions or the publishing of monthly security paydown factors, lenders typically require us to post additional assets as collateral, pay down borrowings or establish cash margin accounts with the counterparties in order to re-establish the agreed-upon collateral requirements, referred to as margin calls. As of March 31, 2019 and December 31, 2018, we have met all margin call requirements.

For the three months ended March 31, 2019, we noted no material changes in the spread of our financing arrangements. The Fed elected not to raise the federal funds rate at its March meeting. In addition, we purchased Re/Non-Performing and New Origination loans, whose financing carries a higher financing cost than other credit assets in our Investment Portfolio. As a result, our cost of financing increased by 3 bps from 3.19% at December 31, 2018 to 3.22% at March 31, 2019.

The following table presents the quarter-end balance, average quarterly balance and maximum balance at any month-end for our (i) financing arrangements on our investment portfolio, U.S Treasury securities, and FHLBC Advances ("Non-GAAP Basis" below), and (ii) financing arrangements through affiliated entities, excluding any financing utilized in our investment in AG Arc, with a reconciliation of all quarterly figures to GAAP ("GAAP Basis" below). Refer to the "Hedging Activities" section below for more information on repurchase agreements secured by U.S. Treasury securities.

Quarter Ended	Quarter-End Balance	Average Quarterly Balance	Maximum Balance at Any Month-End
March 31, 2019			
Non-GAAP Basis	$ 3,392,457	$ 3,171,994	$ 3,392,456
Less: Investments in Debt and Equity of Affiliates	177,548	174,672	179,524
GAAP Basis	$ 3,214,909	$ 2,997,322	$ 3,212,932
December 31, 2018			
Non-GAAP Basis	$ 2,962,244	$ 2,953,741	$ 2,968,859
Less: Investments in Debt and Equity of Affiliates	139,739	125,851	139,739
GAAP Basis	$ 2,822,505	$ 2,827,890	$ 2,829,120
September 30, 2018			
Non-GAAP Basis	$ 3,015,530	$ 2,896,931	$ 3,015,530
Less: Investments in Debt and Equity of Affiliates	102,149	92,833	102,149
GAAP Basis	$ 2,913,381	$ 2,804,098	$ 2,913,381
June 30, 2018			
Non-GAAP Basis	$ 2,719,376	$ 2,792,123	$ 2,932,186
Less: Investments in Debt and Equity of Affiliates	85,194	170,006	213,489
GAAP Basis	$ 2,634,182	$ 2,622,117	$ 2,718,697
March 31, 2018			
Non-GAAP Basis	$ 3,035,398	$ 2,954,404	$ 3,043,392
Less: Investments in Debt and Equity of Affiliates	208,819	77,309	208,819
GAAP Basis	$ 2,826,579	$ 2,877,095	$ 2,834,573
December 31, 2017			
Non-GAAP Basis	$ 3,011,591	$ 2,882,548	$ 3,011,591
Less: Investments in Debt and Equity of Affiliates	7,184	8,849	9,807
GAAP Basis	$ 3,004,407	$ 2,873,699	$ 3,001,784
September 30, 2017			
Non-GAAP Basis	$ 2,703,069	$ 2,596,533	$ 2,746,151
Less: Investments in Debt and Equity of Affiliates	8,517	8,697	8,869
GAAP Basis	$ 2,694,552	$ 2,587,836	$ 2,737,282

June 30, 2017						
Non-GAAP Basis	$	2,265,227	$	2,209,991	$	2,339,133
Less: Investments in Debt and Equity of Affiliates		8,485		8,806		9,116
GAAP Basis	$	2,256,742	$	2,201,185	$	2,330,017
March 31, 2017						
Non-GAAP Basis	$	1,887,767	$	1,813,668	$	1,887,766
Less: Investments in Debt and Equity of Affiliates		8,424		8,788		9,172
GAAP Basis	$	1,879,343	$	1,804,880	$	1,878,594
December 31, 2016						
Non-GAAP Basis	$	1,910,509	$	1,972,785	$	2,009,130
Less: Investments in Debt and Equity of Affiliates		9,999		10,525		11,019
GAAP Basis	$	1,900,510	$	1,962,260	$	1,998,111
September 30, 2016						
Non-GAAP Basis	$	2,237,849	$	2,242,396	$	2,275,368
Less: Investments in Debt and Equity of Affiliates		11,485		12,147		12,843
GAAP Basis	$	2,226,364	$	2,230,249	$	2,262,525
June 30, 2016						
Non-GAAP Basis	$	2,263,591	$	2,305,133	$	2,368,335
Less: Investments in Debt and Equity of Affiliates		13,595		14,628		15,535
GAAP Basis	$	2,249,996	$	2,290,505	$	2,352,800
March 31, 2016						
Non-GAAP Basis	$	2,573,321	$	2,559,322	$	2,582,944
Less: Investments in Debt and Equity of Affiliates		16,405		17,169		17,983
GAAP Basis	$	2,556,916	$	2,542,153	$	2,564,961

The balance on our financing arrangements can reasonably be expected to (i) increase as the size of our investment portfolio increases primarily through equity capital raises and as we increase our investment allocation to Agency RMBS and (ii) decrease as the size of our portfolio decreases through asset sales, principal paydowns, and as we increase our investment allocation to credit investments. Credit investments and investments in SFR, due to their risk profile, have lower leverage ratios than Agency RMBS, which restricts our financing counterparties from providing as much financing to us and lowers the balance of our total financing.

Financing arrangements on our investment portfolio

As of March 31, 2019 and December 31, 2018, we have entered into financing arrangements on our investment portfolio with 44 counterparties under which we had outstanding debt with 32 and 31 counterparties, respectively, inclusive of financing arrangements in affiliated entities. See Note 8 to the "Notes to Consolidated Financial Statements (unaudited)" for a description of our material financing arrangements.

Our financing arrangements generally include customary representations, warranties, and covenants, but may also contain more restrictive supplemental terms and conditions. Although specific to each MRA, typical supplemental terms include requirements of minimum equity, leverage ratios, performance triggers or other financial ratios.

The following table presents a summary of financing arrangements on our investment portfolio as of March 31, 2019 and December 31, 2018 (in thousands).

	March 31, 2019	December 31, 2018
Repurchase agreements	$ 3,039,604	$ 2,650,898
Term loan, net	102,074	102,017
Revolving facilities	250,779	209,329
Total: Non-GAAP Basis	$ 3,392,457	$ 2,962,244
Investments in Debt and Equity of Affiliates	$ 177,548	$ 139,739
Total: GAAP Basis	$ 3,214,909	$ 2,822,505

The following table presents a summary of financing arrangements on our Investment Portfolio, by segment, as of March 31, 2019 (in thousands):

	Securities and Loans Segment				Single-Family Rental Properties Segment			
	Agency		Credit		SFR		Total	
Financing Arrangements Maturing Within: (1)	Balance	Weighted Average Funding Cost	Balance	Weighted Average Funding Cost	Balance	Weighted Average Funding Cost	Balance	Weighted Average Funding Cost
Overnight	$ 68,515	2.85%	$ —	—	$ —	—	$ 68,515	2.85%
30 days or less	1,065,892	2.74%	562,483	3.57%	—	—%	1,628,375	3.03%
31-60 days	502,939	2.68%	110,816	3.98%	—	—%	613,755	2.91%
61-90 days	527,196	2.69%	75,616	4.17%	—	—%	602,812	2.87%
91-180 days	—	—%	24,986	4.67%	—	—%	24,986	4.66%
Greater than 180 days	—	—%	351,940	4.69%	102,074	4.80%	454,014	4.71%
Total: Non-GAAP Basis	$ 2,164,542	2.71%	$ 1,125,841	4.03%	$ 102,074	4.80%	$ 3,392,457	3.21%
Investments in Debt and Equity of Affiliates	$ —	—	$ 177,548	4.95%	$ —	—%	$ 177,548	4.95%
Total: GAAP Basis	$ 2,164,542	2.71%	$ 948,293	3.85%	$ 102,074	4.80%	$ 3,214,909	3.12%

(1) As of March 31, 2019, our weighted average days to maturity is 132 days and our weighted average original days to maturity is 199 days on a GAAP Basis. As of March 31, 2019, our weighted average days to maturity is 140 days and our weighted average original days to maturity is 222 days on a Non-GAAP Basis.

The following table presents a summary of financing arrangements on our Investment Portfolio, by segment, as of December 31, 2018 (in thousands):

	Securities and Loans Segment				Single-Family Rental Properties Segment			
	Agency		Credit		SFR		Total	
Financing Arrangements Maturing Within: (1)	Balance	Weighted Average Funding Cost	Balance	Weighted Average Funding Cost	Balance	Weighted Average Funding Cost	Balance	Weighted Average Funding Cost
Overnight	$ 52,385	3.92%	$ —	—	$ —	—	$ 52,385	3.92%
30 days or less	1,093,948	2.51%	482,281	3.52%	—	—	1,576,229	2.82%
31-60 days	658,721	2.57%	274,968	4.55%	—	—	933,689	3.16%
61-90 days	—	—	46,594	3.89%	—	—	46,594	3.89%
91-180 days	—	—	13,699	6.01%	—	—	13,699	6.01%
Greater than 180 days	—	—	237,631	4.56%	102,017	4.80%	339,648	4.64%
Total: Non-GAAP Basis	$ 1,805,054	2.57%	$ 1,055,173	4.07%	$ 102,017	4.80%	$ 2,962,244	3.18%
Investments in Debt and Equity of Affiliates	$ —	—	$ 139,739	5.79%	$ —	—	$ 139,739	5.79%
Total: GAAP Basis	$ 1,805,054	2.57%	$ 915,434	3.81%	$ 102,017	4.80%	$ 2,822,505	3.04%

(1) As of December 31, 2018, our weighted average days to maturity is 143 days and our weighted average original days to maturity is 218 days on a GAAP Basis. As of December 31, 2018, our weighted average days to maturity is 142 days and our weighted average original days to maturity is 226 days on a Non-GAAP Basis.

Repurchase agreements

The following table presents, as of March 31, 2019, a summary of repurchase agreements on our real estate securities (in thousands). It also reconciles these items to GAAP:

Repurchase Agreements Maturing Within:		Balance	Weighted Average Rate	Weighted Average Funding Cost	Weighted Average Days to Maturity	Weighted Average Haircut
Overnight	$	68,515	2.85%	2.85%	1	3.2%
30 days or less		1,628,375	3.03%	3.03%	11	10.9%
31-60 days		613,755	2.91%	2.91%	46	9.4%
61-90 days		602,812	2.87%	2.87%	72	8.4%
91-180 days		433	4.74%	4.74%	156	18.9%
Greater than 180 days		24,926	4.69%	4.69%	471	23.7%
Total: Non-GAAP Basis	$	2,938,816	2.98%	2.98%	34	10.0%
Investments in Debt and Equity of Affiliates	$	55,406	4.94%	4.94%	198	27.4%
Total: GAAP Basis	$	2,883,410	2.94%	2.94%	31	9.7%

The following table presents, as of December 31, 2018, a summary of repurchase agreements on our real estate securities (in thousands). It also reconciles these items to GAAP:

Repurchase Agreements Maturing Within:		Balance	Weighted Average Rate	Weighted Average Funding Cost	Weighted Average Days to Maturity	Weighted Average Haircut
Overnight	$	52,385	3.92%	3.92%	2	3.0%
30 days or less		1,576,229	2.82%	2.82%	9	9.9%
31-60 days		852,017	2.85%	2.85%	46	8.1%
61-90 days		46,594	3.89%	3.89%	72	21.4%
91-180 days		13,699	6.01%	6.01%	178	38.1%
Greater than 180 days		26,212	4.71%	4.77%	556	21.9%
Total: Non-GAAP Basis	$	2,567,136	2.91%	2.91%	29	9.7%
Investments in Debt and Equity of Affiliates	$	55,025	4.94%	4.97%	258	27.1%
Total: GAAP Basis	$	2,512,111	2.86%	2.86%	24	9.3%

The increase in the balance of our repurchase agreements from December 31, 2018 to March 31, 2019 is due primarily to financing added on agency securities purchased during the period.

The following table presents, as of March 31, 2019, a summary of repurchase agreements on our Re/Non-performing loans (in thousands).

Repurchase Agreements Maturing Within:		Balance	Weighted Average Rate	Weighted Average Funding Cost	Weighted Average Days to Maturity	Weighted Average Haircut
Greater than 180 days	$	99,185	4.29%	4.38%	638	16.7%

The following table presents, as of December 31, 2018, a summary of repurchase agreements on our Re/Non-performing loans (in thousands).

Repurchase Agreements Maturing Within:		Balance	Weighted Average Rate	Weighted Average Funding Cost	Weighted Average Days to Maturity	Weighted Average Haircut
Greater than 180 days	$	83,762	4.27%	4.37%	728	15.6%

The following table presents, as of March 31, 2019, a summary of repurchase agreements on our commercial real estate loans (in thousands).

Repurchase Agreements Maturing Within:	Balance	Weighted Average Rate	Weighted Average Funding Cost	Weighted Average Days to Maturity	Weighted Average Haircut
Greater than 180 days	$ 1,603	5.24%	7.42%	1,372	35.0%

There were no repurchase agreements on commercial real estate loans as of December 31, 2018.

Financing facilities

The following table presents information regarding the Company's term loan and revolving facilities as of March 31, 2019 and December 31, 2018 (in thousands). It also reconciles these items to GAAP.

			March 31, 2019				December 31, 2018		
Facility	Investment	Maturity Date	Rate	Funding Cost (2)	Balance	Maximum Aggregate Borrowing Capacity	Rate	Funding Cost (2)	Balance
Term loan facility, net (1)	Single-family rental properties	October 10, 2023	4.63%	4.80%	$ 102,074	$ 103,000	4.63%	4.80%	$ 102,017
Revolving facility A (4)	Commercial loans	July 1, 2019	4.64%	4.64%	$ 21,796	$ 21,796	4.66%	4.66%	$ 21,796
Revolving facility B (3) (4)	Re/Non-performing loans	June 15, 2020	4.50%	4.50%	62,285	110,000	4.53%	4.54%	63,328
Revolving facility C (3) (4)	Commercial loans	August 10, 2023	4.58%	4.83%	44,556	100,000	4.53%	4.80%	39,491
Revolving facility D (3) (4)(5)	New origination loans	February 18, 2020	4.74%	4.96%	119,385	156,065	5.00%	6.37%	81,671
Revolving facility E (4)	Re/Non-performing loans	August 25, 2019	4.86%	4.86%	2,757	2,757	4.88%	4.88%	3,043
Total revolving facilities					$ 250,779	$ 390,618			$ 209,329
Total: Non-GAAP Basis					$ 352,853	$ 493,618			$ 311,346
Investments in Debt and Equity of Affiliates					$ 122,142	$ 158,822			$ 84,714
Total: GAAP Basis					$ 230,711	$ 334,796			$ 226,632

(1) The total borrowings under the term loan is $103.0 million, which is shown net of deferred financing costs of $0.9 million and $1.0 million as of March 31, 2019 and December 31, 2018, respectively.
(2) Funding costs represent the stated rate inclusive of any deferred financing costs.
(3) Increasing the Company's borrowing capacity under this facility requires consent of the lender.
(4) Under the terms of our financing agreements, the counterparties may, in certain cases, sell or re-hypothecate the pledged collateral.
(5) Subsequent to quarter end, the maximum borrowing capacity on this facility increased to $200.7 million.

The increase in our Revolving facility C balance from December 31, 2018 to March 31, 2019 is due primarily to the financing obtained to purchase certain commercial real estate loans during the period. The increase in our Revolving facility D balance from December 31, 2018 to March 31, 2019 is due primarily to the financing obtained by MATT since December 31, 2018 in order to acquire New Origination Loans.

Other financing transactions

In 2014, we entered into a resecuritization transaction, pursuant to which we created a special purpose entity ("SPE") to facilitate the transaction (the "Resecuritization"). We determined that the SPE was a variable interest entity ("VIE") and that the VIE should be consolidated by us under ASC 810-10 and treated as a secured borrowing (the "Consolidated VIE"). See Note 2 to the Notes to Consolidated Financial Statements (unaudited) for more detail on the Consolidated VIE.

The following table details certain information on the Consolidated VIE as of March 31, 2019 (in thousands):

	Current Face	Fair Value	Weighted Average Coupon	Weighted Average Yield	Weighted Average Life (Years) (1)
Consolidated tranche (2)	$ 10,504	$ 10,515	4.24%	4.47%	2.33
Retained tranche	8,393	6,719	4.50%	18.98%	8.30
Total resecuritized asset	$ 18,897	$ 17,234	4.36%	10.12%	4.98

(1) This is based on projected life. Typically, actual maturities of investments and loans are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.

(2) As of March 31, 2019, the fair market value of the consolidated tranche is included on our consolidated balance sheets as "Non-Agency RMBS." As of March 31, 2019, we have recorded secured financing of $10.5 million on our consolidated balance sheets in the "Securitized debt, at fair value" line item.

The following table details certain information on the Consolidated VIE as of December 31, 2018 (in thousands):

	Current Face	Fair Value	Weighted Average Coupon	Weighted Average Yield	Weighted Average Life (Years) (1)
Consolidated tranche (2)	$ 10,821	$ 10,858	4.10%	4.47%	2.39
Retained tranche	8,401	6,550	4.61%	18.50%	8.37
Total resecuritized asset	$ 19,222	$ 17,408	4.32%	9.75%	5.00

(1) This is based on projected life. Typically, actual maturities of investments and loans are shorter than stated contractual maturities. Maturities are affected by the contractual lives of the underlying mortgages, periodic payments of principal and prepayments of principal.

(2) As of December 31, 2018, the fair market value of the consolidated tranche is included on our consolidated balance sheets as "Non-Agency RMBS." As of December 31, 2018, we have recorded secured financing of $10.9 million on our consolidated balance sheets in the "Securitized debt, at fair value" line item.

Leverage

We define GAAP leverage as the sum of (i) our GAAP financing arrangements, (ii) the amount payable on purchases that have not yet settled less the financing remaining on sales that have not yet settled, and (iii) the consolidated tranche issued by the Consolidated VIE. We define non-GAAP "at-risk" leverage as the sum of: (i) our GAAP leverage, (ii) financing arrangements held through affiliated entities but exclusive of any financing utilized through AG Arc and any adjustment related to unsettled trades as described in (ii) above and (iii) our net TBA position (at cost). Our calculations of each type of leverage exclude financing arrangements and net receivables/payables on unsettled trades pertaining to U.S. Treasury securities due to the highly liquid and temporary nature of these investments. The calculations in the tables below divide our leverage calculations by our GAAP stockholders' equity to derive our leverage ratios. The following tables present a reconciliation of our non-GAAP "at-risk" leverage ratio back to GAAP (in thousands).

March 31, 2019	Leverage	Stockholders' Equity	Leverage Ratio
GAAP Leverage	$ 3,159,793	$ 731,636	4.3x
Financing arrangements through affiliated entities	177,548		
Net TBA receivable/(payable) adjustment	125,712		
Non-GAAP "At Risk" Leverage	$ 3,463,053	$ 731,636	4.7x

December 31, 2018	Leverage	Stockholders' Equity	Leverage Ratio
GAAP Leverage	$ 2,833,363	$ 656,011	4.3x
Financing arrangements through affiliated entities	155,888		
Non-GAAP "At Risk" Leverage	$ 2,989,251	$ 656,011	4.6x

Hedging activities

Subject to maintaining our qualification as a REIT and our Investment Company Act exemption, to the extent leverage is deployed, we utilize derivative instruments, including interest rate swaps, swaption agreements, futures, and other financial instruments such as short positions in U.S. Treasury securities, in an effort to hedge the interest rate risk associated with the financing of our Securities and Loans Segment. Specifically, we may seek to hedge our exposure to potential interest rate mismatches between the interest we earn on our investments and our borrowing costs caused by fluctuations in interest rates. In utilizing leverage and interest rate derivatives, our objectives are to improve risk-adjusted returns and, where possible, to lock in, on a long-term basis, a spread between the yield on our assets and the costs of our financing and hedging. Derivatives have not been designated as hedging instruments for GAAP. We do not hedge the financing on our Single-Family Rental Properties Segment. Refer to the tables below for a summary of our derivative instruments.

Our centrally cleared trades require that we post an "initial margin" to our counterparties of an amount determined by the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"), the central clearinghouses ("CCPs") through which those trades are cleared, which is generally intended to be set at a level sufficient to protect the CCPs from the maximum estimated single-day price movement in that market participant's contracts. We also exchange cash "variation margin" with our counterparties on our centrally cleared trades based upon daily changes in the fair value as measured by the CCPs. Beginning in the first quarter of 2017, as a result of an amendment to the CCPs' rule book, which governs their central clearing activities, the daily exchange of variation margin associated with a CCP instrument is legally characterized as the daily settlement of the derivative instrument itself, as opposed to a pledge of collateral. Accordingly, beginning in 2017, we account for the daily receipt or payment of variation margin associated with our centrally cleared interest rate swaps and futures as a direct reduction to the carrying value of the interest rate swap and future derivative asset or liability, respectively. Beginning in 2017, the carrying amount of centrally cleared interest rate swaps and futures reflected in our consolidated balance sheets is equal to the unsettled fair value of such instruments. See Note 9 in the Notes to Consolidated Financial Statements for more information.

The following table presents the fair value of our derivative and other instruments and their balance sheet location at March 31, 2019 and December 31, 2018 (in thousands).

Derivatives and Other Instruments (1)	GAAP Designation	Balance Sheet Location	March 31, 2019	December 31, 2018
Pay Fix/Receive Float Interest Rate Swap Agreements (2)	Non-Hedge	Other assets	$ 1,601	$ 1,406
Pay Fix/Receive Float Interest Rate Swap Agreements (2)	Non-Hedge	Other liabilities	(265)	(317)
Payer Swaptions	Non-Hedge	Other assets	556	323
Short positions on U.S. Treasuries	Non-Hedge	Other liabilities (3)	—	(11,378)

(1) As of March 31, 2019, the Company applied a reduction in fair value of $34,375 to its Eurodollar Futures assets related to variation margin. As of December 31, 2018, the Company applied a fair value reduction of $0.1 million and $1.0 million to its U.S. Treasury Futures assets and Eurodollar Future liabilities, respectively, related to variation margin.

(2) As of March 31, 2019, the Company applied a reduction in fair value of $8.7 million and $12.8 million to its interest rate swap assets and liabilities, respectively, related to variation margin. As of December 31, 2018, the Company applied a reduction in fair value of $26.0 million and $18.1 million to its interest rate swap assets and liabilities, respectively, related to variation margin.

(3) Short positions on U.S. Treasuries relate to securities borrowed to cover short sales of U.S. Treasury securities. The change in fair value of the borrowed securities is recorded in the "Unrealized gain/(loss) on derivatives and other instruments, net" line item on our consolidated statement of operations.

The following table summarizes the notional amount of certain of our non-hedge derivatives and other instruments (in thousands):

Notional amount of non-hedge derivatives and other instruments:	**March 31, 2019**	**December 31, 2018**
Pay Fix/Receive Float Interest Rate Swap Agreements	$ 1,666,500	$ 1,963,500
Payer Swaptions	485,000	260,000
Long positions on U.S. Treasury Futures (1)	—	30,000
Short positions on Eurodollar Futures (2)	750,000	500,000
Short positions on U.S. Treasuries	—	11,250

(1) Each U.S. Treasury Future contract embodies $100,000 of notional value.
(2) Each Eurodollar Future contract embodies $1,000,000 of notional value.

The following table summarizes gains/(losses) related to derivatives and other instruments (in thousands):

	Three Months Ended	
	March 31, 2019	**March 31, 2018**
Included within Unrealized gain/(loss) on derivative and other instruments, net		
Interest rate swaps, at fair value	$ (10,662)	$ 36,252
Eurodollar Futures	1,034	—
Swaptions, at fair value	(518)	352
U.S. Treasury Futures	(145)	(494)
U.S. Treasuries	82	(94)
	(10,209)	36,016
Included within Net realized gain/(loss)		
Interest rate swaps, at fair value	(17,542)	—
Eurodollar Futures	(1,240)	—
Swaptions, at fair value	(634)	51
U.S. Treasury Futures	69	673
U.S. Treasuries	(73)	131
	(19,420)	855
Total income/(loss)	$ (29,629)	$ 36,871

The following table summarizes the weighted average life of our non-hedge derivatives and other instruments:

Weighted Average Life (Years) on non-hedge derivatives and other instruments	**March 31, 2019**	**December 31, 2018**
Interest rate swaps	4.68	5.57
Swaptions	0.72	0.60
Short positions on Eurodollar Futures	1.70	1.95
Long positions on U.S. Treasury Futures	—	0.22
Short positions on U.S. Treasuries	—	2.88

Interest rate swaps

To help mitigate exposure to increases in interest rates, we use currently-paying and may use forward-starting, one- or three-month LIBOR-indexed, pay-fixed, receive-variable, interest rate swap agreements. This arrangement helps hedge our exposure to higher interest rates because the variable-rate payments received on the swap agreements help to offset additional interest accruing on the related borrowings due to the higher interest rate, leaving the fixed-rate payments to be paid on the swap agreements as our effective borrowing rate, subject to certain adjustments including changes in spreads between variable rates on the swap agreements and actual borrowing rates.

As of March 31, 2019, our interest rate swap positions consisted of pay-fixed interest rate swaps. The following table presents information about our interest rate swaps as of March 31, 2019 (in thousands):

Maturity	Notional Amount	Weighted Average Pay-Fixed Rate	Weighted Average Receive-Variable Rate	Weighted Average Years to Maturity
2020	$ 105,000	1.54%	2.73%	0.95
2021	58,500	3.00%	2.66%	2.52
2022	635,000	2.01%	2.33%	3.24
2023	154,000	3.07%	2.73%	4.45
2024	280,000	2.16%	2.67%	5.19
2025	20,000	2.81%	2.74%	5.85
2026	195,000	2.44%	2.66%	7.19
2027	194,000	2.30%	2.70%	8.33
2028	25,000	2.52%	2.80%	8.78
Total/Wtd Avg	$ 1,666,500	2.24%	2.56%	4.68

As of December 31, 2018, our interest rate swap positions consisted of pay-fixed interest rate swaps. The following table presents information about our interest rate swaps as of December 31, 2018 (in thousands):

Maturity	Notional Amount	Weighted Average Pay-Fixed Rate	Weighted Average Receive-Variable Rate	Weighted Average Years to Maturity
2020	$ 105,000	1.54%	2.56%	1.20
2021	58,500	3.00%	2.63%	2.76
2022	478,000	1.87%	2.72%	3.58
2023	403,000	3.05%	2.64%	4.65
2024	230,000	2.06%	2.63%	5.50
2025	125,000	2.87%	2.70%	6.38
2026	75,000	2.12%	2.66%	7.89
2027	264,000	2.35%	2.66%	8.68
2028	225,000	2.96%	2.69%	9.37
Total/Wtd Avg	$ 1,963,500	2.41%	2.67%	5.57

Dividends

We intend to continue to make regular quarterly distributions to holders of our common stock if and to the extent authorized by our Board of Directors. Federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT ordinary taxable income, without regard to the deduction for dividends paid and excluding net capital gains and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our financing arrangements and other debt payable. If our cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. In addition, prior to the time we have fully deployed the net proceeds of our follow-on offerings to acquire assets in our target asset classes we may fund our quarterly distributions out of such net proceeds.

As mentioned above, our distribution requirements are based on taxable income rather than GAAP net income. The primary differences between taxable income and GAAP net income include (i) unrealized gains and losses associated with investment and derivative portfolios which are marked-to-market in current income for GAAP purposes, but excluded from taxable income until realized or settled, (ii) temporary differences related to amortization of premiums and discounts paid on investments, (iii) the timing and amount of deductions related to stock-based compensation, (iv) temporary differences related to the recognition of realized gains and losses on sold investments and certain terminated derivatives, (v) taxes and (vi) methods of depreciation. Undistributed taxable income is based on current estimates and is not finalized until we file our annual tax return, typically in September of the following year. As of March 31, 2019 the Company had estimated undistributed taxable income of approximately $1.29 per share.

The following tables detail our common stock dividends during the three months ended March 31, 2019 and March 31, 2018:

2019

Declaration Date	Record Date	Payment Date	Dividend Per Share
3/15/2019	3/29/2019	4/30/2019	$ 0.50

2018

Declaration Date	Record Date	Payment Date	Dividend Per Share
3/15/2018	3/29/2018	4/30/2018	$ 0.475

The following tables detail our preferred stock dividends during the three months ended March 31, 2019 and March 31, 2018:

2019

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.25% Series A	2/15/2019	2/28/2019	3/18/2019	$ 0.51563

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.00% Series B	2/15/2019	2/28/2019	3/18/2019	$ 0.50

2018

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.25% Series A	2/16/2018	2/28/2018	3/19/2018	$ 0.51563

Dividend	Declaration Date	Record Date	Payment Date	Dividend Per Share
8.00% Series B	2/16/2018	2/28/2018	3/19/2018	$ 0.50

Liquidity and capital resources

Our liquidity determines our ability to meet our cash obligations, including commitments to make distributions to our stockholders, pay our expenses, finance our investments and satisfy other general business needs. Our principal sources of cash as of March 31, 2019 consisted of borrowings under financing arrangements, payments of principal and interest we receive on our Agency RMBS and credit portfolio, cash generated from our operating results, and proceeds from capital market transactions. We typically use cash to repay principal and interest on our financing arrangements, to purchase real estate securities, loans and other real estate related assets, to make dividend payments on our capital stock, and to fund our operations. At March 31, 2019, we had $104.3 million available to support our liquidity needs, comprised of $50.8 million of cash, $50.0 million of Agency fixed rate securities and CMOs and $3.5 million of U.S. Treasury securities that have not been pledged as collateral under any of our financing arrangements. Refer to the "Contractual obligations" section of this Item 2 for additional obligations that could impact our liquidity.

Leverage

The amount of leverage we may deploy for particular assets depends upon our Manager’s assessment of the credit and other risks of those assets, and also depends on any limitations placed upon us through covenants contained in our financing arrangements. We generate income principally from the yields earned on our investments and, to the extent that leverage is deployed, on the difference between the yields earned on our investments and our cost of borrowing and the cost of any hedging activities. Subject to maintaining both our qualification as a REIT for U.S. federal income tax purposes and our Investment Company Act exemption, to the extent leverage is deployed, we may use a number of sources to finance our investments.

As of March 31, 2019, we had financing arrangements with 44 counterparties, allowing us to utilize leverage in our operations. As of March 31, 2019, we had debt outstanding of $3.4 billion from 32 counterparties, inclusive of financing arrangements through affiliated entities. The borrowings under financing arrangements have maturities between April 1, 2019 and October 10, 2023. These agreements generally include customary representations, warranties, and covenants, but may also contain more restrictive supplemental terms and conditions. Although specific to each lending agreement, typical supplemental terms include requirements of minimum equity, leverage ratios, performance triggers or other financial ratios. If we fail to meet or satisfy any covenants, supplemental terms or representations and warranties, we would be in default under these agreements and our lenders could elect to declare all amounts outstanding under the agreements to be immediately due and payable, enforce their respective interests against collateral pledged under such agreements and restrict our ability to make additional borrowings. Certain financing arrangements may contain cross-default provisions, so that if a default occurs under any one agreement, the lenders under our other agreements could also declare a default.

Under our financing arrangements, we may be required to pledge additional assets to our lenders in the event the estimated fair value of the existing pledged collateral under such agreements declines and such lenders demand additional collateral, which may take the form of additional securities or cash. Certain securities that are pledged as collateral under our financing arrangements are in unrealized loss positions.

See "Financing arrangements on our investment portfolio" section above for information on the contractual maturity of our financing arrangements at March 31, 2019 and December 31, 2018.

As described above in the "Financing activities" section of this Item 2, we entered into the Resecuritization in 2014 that resulted in the consolidation of the VIE created with the SPE. We recorded the proceeds from the issuance of the secured financing in the "Cash Flows from Financing Activities" section of the consolidated statement of cash flows. See Note 3 to the Notes to Consolidated Financial Statements (unaudited) for more detail.

The following table presents information at March 31, 2019 with respect to each counterparty that provides us with financing for which we had greater than 5% of our stockholders' equity at risk with a reconciliation back to GAAP (in thousands).

Counterparty		Stockholders' Equity at Risk	Weighted Average Maturity (days)	Percentage of Stockholders' Equity
Barclays Capital Inc	$	53,089	295	7 %
Credit Suisse Securities, LLC - Non-GAAP	$	44,287	171	6 %
Non-GAAP Adjustments (a)		(34,455)	(61)	(5)%
Credit Suisse Securities, LLC - GAAP	$	9,832	202	1 %

(a) Represents stockholders' equity at risk, weighted average maturity and percentage of stockholders' equity from financing arrangements held in investments in debt and equity of affiliates.

The following table presents information at December 31, 2018 with respect to each counterparty that provides us with financing for which we had greater than 5% of our stockholders' equity at risk (in thousands).

Counterparty		Stockholders' Equity at Risk	Weighted Average Maturity (days)	Percentage of Stockholders' Equity
Credit Suisse Securities, LLC - Non-GAAP	$	45,039	222	7 %
Non-GAAP Adjustments (a)		(34,616)	(75)	(5)%
Credit Suisse Securities, LLC - GAAP	$	10,423	147	2 %
Barclays Capital Inc	$	40,882	356	6 %

(a) Represents stockholders' equity at risk, weighted average maturity and percentage of stockholders' equity from financing arrangements held in investments in debt and equity of affiliates.

Margin requirements

The fair value of our real estate securities and loans fluctuate according to market conditions. When the fair value of the assets pledged as collateral to secure a financing arrangement decreases to the point where the difference between the collateral fair value and the financing arrangement amount is less than the haircut, our lenders may issue a "margin call," which requires us to post additional collateral to the lender in the form of additional assets or cash. Under our repurchase facilities, our lenders have full discretion to determine the fair value of the securities we pledge to them. Our lenders typically value assets based on recent trades in the market. Lenders also issue margin calls as the published current principal balance factors change on the pool of mortgages underlying the securities pledged as collateral when scheduled and unscheduled paydowns are announced monthly. We experience margin calls in the ordinary course of our business. In seeking to manage effectively the margin requirements established by our lenders, we maintain a position of cash and unpledged Agency RMBS. We refer to this position as our "liquidity." The level of liquidity we have available to meet margin calls is directly affected by our leverage levels, our haircuts and the price changes on our securities. If interest rates increase or if credit spreads widen, then the prices of our collateral (and our unpledged assets that constitute our liquidity) will decline, we will experience margin calls, and we will need to use our liquidity to meet the margin calls. There can be no assurance that we will maintain sufficient levels of liquidity to meet any margin calls. If our haircuts increase, our liquidity will proportionately decrease. In addition, if we increase our borrowings, our liquidity will decrease by the amount of additional haircut on the increased level of indebtedness. We intend to maintain a level of liquidity in relation to our assets that enables us to meet reasonably anticipated margin calls but that also allows us to be substantially invested in securities. We may misjudge the appropriate amount of our liquidity by maintaining excessive liquidity, which would lower our investment returns, or by maintaining insufficient liquidity, which would force us to liquidate assets into potentially unfavorable market conditions and harm our results of operations and financial condition. Further, an unexpected rise in interest rates and a corresponding fall in the fair value of our securities may also force us to liquidate assets under difficult market conditions, thereby harming our results of operations and financial condition, in an effort to maintain sufficient liquidity to meet increased margin calls. Refer to the "Liquidity risk – derivatives" section of Item 3 below for a further discussion on margin.

Similar to the margin calls that we receive on our borrowing agreements, we may also receive margin calls on our derivative instruments when their fair values decline. This typically occurs when prevailing market rates change adversely, with the severity of the change also dependent on the terms of the derivatives involved. Our posting of collateral with our counterparties can be done in cash or securities, and is generally bilateral, which means that if the fair value of our interest rate hedges increases, our counterparty will be required to post collateral with us.

Cash Flows

As of March 31, 2019, our cash, cash equivalents, and restricted cash totaled $88.0 million representing a net increase from $84.3 million at December 31, 2018. Cash provided by operations of $9.7 million was attributable to net interest income less operating expenses. Cash used in investing activities of $(446.9) million was attributable to purchases of investments less sales and principal repayments of investments. Cash provided by financing activities of $440.9 million was primarily attributable to borrowings under financing arrangements and proceeds from issuance of common stock offset by repayments of financing arrangements and dividend payments.

Equity distribution agreement

On May 5, 2017, we entered into an equity distribution agreement with each of Credit Suisse Securities (USA) LLC and JMP Securities LLC (collectively, the "Sales Agents"), which we refer to as the "Equity Distribution Agreements," pursuant to which we may sell up to $100.0 million aggregate offering price of shares of our common stock from time to time through the Sales Agents, as defined in Rule 415 under the Securities Act of 1933. The Equity Distribution Agreements were amended on May 2, 2018 in conjunction with the filing of our shelf registration statement registering up to $750.0 million of its securities, including capital stock (the "2018 Registration Statement"). For the three months ended March 31, 2019, the Company sold 503,700 shares of common stock under the Equity Distribution Agreements for net proceeds of approximately $8.6 million. For the three months ended March 31, 2018, the Company did not sell any common stock under the Equity Distribution Agreements.

Common offering

On February 14, 2019, the Company completed a public offering of 3,000,000 shares of its common stock and subsequently issued an additional 450,000 shares pursuant to the underwriters' over-allotment option at a price of $16.70 per share. Net proceeds to the Company from the offering were approximately $57.4 million, after deducting estimated offering expenses.

Forward-looking statements regarding liquidity

Based upon our current portfolio, leverage and available borrowing arrangements, we believe that the net proceeds of our common equity offerings, preferred equity offerings, and private placements, combined with cash flow from operations and our available borrowing capacity will be sufficient to enable us to meet our anticipated liquidity requirements, including funding our investment activities, paying fees under our management agreement, funding our distributions to stockholders and paying general corporate expenses.

Contractual obligations

Management agreement

On June 29, 2011, we entered into an agreement with our Manager pursuant to which our Manager is entitled to receive a management fee and the reimbursement of certain expenses. The management fee is calculated and payable quarterly in arrears in an amount equal to 1.50% of our Stockholders' Equity, per annum.

For purposes of calculating the management fee, "Stockholders' Equity" means the sum of the net proceeds from any issuances of equity securities (including preferred securities) since inception (allocated on a pro rata daily basis for such issuances during the fiscal quarter of any such issuance, and excluding any future equity issuance to the Manager), plus our retained earnings at the end of such quarter (without taking into account any non-cash equity compensation expense or other non-cash items described below incurred in current or prior periods), less any amount that we pay for repurchases of our common stock, excluding any unrealized gains, losses or other non-cash items that have impacted stockholders' equity as reported in our financial statements prepared in accordance with GAAP, regardless of whether such items are included in other comprehensive income or loss, or in net income, and excluding one-time events pursuant to changes in GAAP, and certain other non-cash charges after discussions between the Manager and our independent directors and after approval by a majority of our independent directors. Stockholders' Equity, for purposes of calculating the management fee, could be greater or less than the amount of stockholders' equity shown on our financial statements. For the three months ended March 31, 2019 and March 31, 2018, we incurred management fees of approximately $2.3 million and $2.4 million, respectively.

Our Manager uses the proceeds from its management fee in part to pay compensation to its officers and personnel, who, notwithstanding that certain of them also are our officers, receive no compensation directly from us. We are required to reimburse our Manager or its affiliates for operating expenses which are incurred by our Manager or its affiliates on our behalf, including certain salary expenses and other expenses relating to legal, accounting, due diligence and other services. Our reimbursement obligation is not subject to any dollar limitation; however, the reimbursement is subject to an annual budget process which combines guidelines from the Management Agreement with oversight by our Board of Directors and discussions with our Manager. Of the $3.8 million and $3.2 million of Other operating expenses for the three months ended March 31, 2019 and March 31, 2018, respectively, we have accrued $2.0 million and $1.8 million, respectively, representing a reimbursement of expenses. The Manager did not waive its right to receive any expense reimbursements for the three months ended March 31, 2019. The Manager waived its right to receive expense reimbursements of $0.5 million for the year ended December 31, 2018.

Share-based compensation

Pursuant to the Manager Equity Incentive Plan and the Equity Incentive Plan, we can award up to 277,500 shares of common stock in the form of restricted stock, stock options, restricted stock units or other types of awards to our directors, officers, advisors, consultants and other personnel and to our Manager. As of March 31, 2019, 36,736 shares of common stock were available to be awarded under the equity incentive plans. Awards under the equity incentive plans are forfeitable until they become vested. An award will become vested only if the vesting conditions set forth in the applicable award agreement (as determined by the compensation committee) are satisfied. The vesting conditions may include performance of services for a specified period, achievement of performance goals, or a combination of both. The compensation committee also has the authority to provide for accelerated vesting of an award upon the occurrence of certain events in its discretion.

As of March 31, 2019, we have granted an aggregate of 80,514 and 40,250 shares of restricted common stock to our independent directors and Manager, respectively, and 120,000 restricted stock units to our Manager under our equity incentive plans. As of March 31, 2019, all the shares of restricted common stock granted to our Manager and independent directors have vested and 79,993 restricted stock units granted to our Manager have vested. The 40,007 restricted stock units that have not vested as of March 31, 2019 were granted to the Manager on July 1, 2017, and represent the right to receive an equivalent number of shares of our common stock if and when the units vest. Annual vesting of approximately 20,000 units will occur on each of July 1, 2019 and July 1, 2020. The units do not entitle the participant the rights of a holder of our common stock, such as dividend and voting rights, until shares are issued in settlement of the vested units. The vesting of such units is subject to the continuation of the management agreement. If the management agreement terminates, all unvested units then held by the Manager or the Manager's transferee shall be immediately cancelled and forfeited without consideration.

Unfunded commitments - commercial real estate loans

See our "Off-balance sheet arrangements" section below and Note 14 of the Notes to Consolidated Financial Statements for a summary of our commitments on our commercial real estate loans as of March 31, 2019.

Unfunded commitments - Mortgage Acquisition Trust I LLC

On August 29, 2017, we, alongside private funds under the management of Angelo Gordon, formed Mortgage Acquisition Holding I LLC ("MATH") to conduct a residential mortgage investment strategy. MATH in turn sponsored the formation of MATT to purchase predominantly Non-QMs, which are residential mortgage loans that are not deemed "qualified mortgage," or "QM," loans under the rules of the CFPB. Non-QMs are not eligible for delivery to Fannie Mae, Freddie Mac, or Ginnie Mae. MATT is expected to make an election to be treated as a real estate investment trust beginning with the 2018 tax year. In furtherance of this business, MATH's sponsoring funds agreed to provide up to $75.0 million of capital to MATH. This commitment was increased by $25.0 million to $100.0 million on March 28, 2019 with an amendment to the MATH LLC Agreement. As of March 31, 2019, our share of MATH's total capital commitment to MATT was $44.6 million, of which we had funded $33.4 million and our remaining commitment was $11.2 million (net of any return of capital to us).

Unfunded commitments - variable funding note

See our "Off-balance sheet arrangements" section below and Note 14 of the Notes to Consolidated Financial Statements for details on our commitments on the variable funding note as of March 31, 2019.

Other

We have presented a table that details the contractual maturity of our financing arrangements at March 31, 2019 in the "Financing activities" section for this Item 2. As of March 31, 2019 and December 31, 2018, we are obligated to pay accrued interest on our financing arrangements in the amount of $10.7 million and $12.3 million, respectively, inclusive of accrued interest accounted for through investments in debt and equity of affiliates, and exclusive of accrued interest on any financing utilized through AG Arc. The change in accrued interest on our financing arrangements was due primarily to shorter contractual maturities on certain of our financing arrangements as of March 31, 2019.

Off-balance sheet arrangements

We have entered into TBA positions to facilitate the future purchase or sale of Agency RMBS. We record TBA purchases and sales on the trade date and present the purchase or receipt net of the corresponding payable or receivable until the settlement date of the transaction. As of March 31, 2019, we had a net long TBA position with a net payable amount of $125.7 million and fair market value of $126.7 million. We recorded $2.0 million of derivative assets and $1.0 million of derivative liabilities, in the "Other assets" and "Other liabilities" line items, respectively, on our consolidated balance sheets.

Our investments in debt and equity of affiliates are primarily comprised of real estate securities, Excess MSRs, loans, and our interest in AG Arc. Investments in debt and equity of affiliates are accounted for using the equity method of accounting. See Note 2 to the Notes to Consolidated Financial Statements (unaudited) for a discussion of investments in debt and equity of affiliates. The below table details our investments in debt and equity of affiliates as of March 31, 2019 and December 31, 2018 (in thousands):

	March 31, 2019			December 31, 2018		
	Assets (1)	**Liabilities**	**Equity**	**Assets (1)**	**Liabilities**	**Equity**
Agency Excess MSR	$ 770	$ —	$ 770	$ 864	$ —	$ 864
Total Agency	770	—	770	864	—	864
Re/Non-Performing Loans	94,377	(57,565)	36,812	94,135	(57,222)	36,913
New Origination Loans	144,379	(119,385)	24,994	113,327	(81,671)	31,656
Total Residential	238,756	(176,950)	61,806	207,462	(138,893)	68,569
Freddie Mac K-Series	4,316	—	4,316	4,059	—	4,059
CMBS Interest Only	1,025	—	1,025	1,034	—	1,034
Total Commercial	5,341	—	5,341	5,093	—	5,093
Total Credit	244,097	(176,950)	67,147	212,555	(138,893)	73,662
Total Investments excluding AG Arc	244,867	(176,950)	67,917	213,419	(138,893)	74,526
AG Arc, at fair value	23,775	—	23,775	20,360	—	20,360
Cash and Other assets/(liabilities) (2)	11,510	(1,103)	10,407	7,423	(17,417)	(9,994)
Investments in debt and equity of affiliates	$ 280,152	$ (178,053)	$ 102,099	$ 241,202	$ (156,310)	$ 84,892

(1) Net of any non-recourse securitized debt.

(2) Includes financing arrangements on real estate owned as of March 31, 2019 and December 31, 2018 of $(0.6) million and $(0.8) million, respectively.

The table below details our additional commitments as of March 31, 2019 (in thousands):

Commitment Type	Date of Commitment	Total Commitment	Funded Commitment	Remaining Commitment
MATH (a)	March 28, 2019	$ 44,590	$ 33,400	$ 11,190
Variable funding note (b)	March 29, 2018	12,400	7,600	4,800
Commercial loan G (c)(d)	July 26, 2018	75,000	27,008	47,992
Commercial loan I (c)	January 23, 2019	20,000	6,818	13,182
Commercial loan J (c)(e)	February 11, 2019	30,000	2,467	27,533
Commercial loan K (c)	February 22, 2019	20,000	5,130	14,870
Total		$ 201,990	$ 82,423	$ 119,567

(a) See "Contractual obligations" section above for detail on our commitment to MATH.
(b) On March 29, 2018, the Company, alongside private funds under the management of Angelo Gordon, purchased a variable funding note issued pursuant to an indenture.
(c) We entered into commitments on commercial loans relating to construction projects. See Note 4 to the Notes to Consolidated Financial Statements (unaudited) for further details.
(d) We expect financing of approximately $31.2 million on our remaining commitment which would cause our remaining equity commitment to be approximately $16.8 million. This financing is not committed by the financing counterparty and could vary significantly from our expectations.
(e) We expect financing of approximately $17.9 million on our remaining commitment which would cause our remaining equity commitment to be approximately $9.6 million. Of the expected financing, $8.9 million is committed by the financing counterparty. Actual financing could vary significantly from our expectations.

Management views our TBA position and our investments in debt and equity of affiliates as part of our investment portfolio. Exclusive of our TBAs and our investments in debt and equity of affiliates described above, we do not expect these off-balance sheet arrangements, taken as a whole, to be significant to, or to have a material impact on, our overall liquidity or capital resources or our operations, given our ability to finance such arrangements.

Certain related person transactions

Our Board of Directors has adopted a policy regarding the approval of any "related person transaction," which is any transaction or series of transactions in which (i) we or any of our subsidiaries is or are to be a participant, (ii) the amount involved exceeds $120,000, and (iii) a "related person" (as defined under SEC rules) has a direct or indirect material interest. Under the policy, a related person would need to promptly disclose to our Secretary or Assistant Secretary any related person transaction and all material facts about the transaction. Our Secretary or Assistant Secretary, in consultation with outside counsel, to the extent appropriate, would then assess and promptly communicate that information to the audit committee of our Board of Directors. Based on its consideration of all of the relevant facts and circumstances, the audit committee will review, approve or ratify such transactions as appropriate. The audit committee will not approve or ratify a related person transaction unless it shall have determined that such transaction is in, or is not inconsistent with, our best interests and does not create a conflict of interest. If we become aware of an existing related person transaction that has not been approved under this policy, the transaction will be referred to the audit committee which will evaluate all options available, including ratification, revision or termination of such transaction. Our policy requires any director who may be interested in a related person transaction to recuse himself or herself from any consideration of such related person transaction.

Grants of restricted common stock

See "Share-based compensation" section above for detail on our grants of restricted common stock.

Red Creek

In connection with our investments in Re/Non-Performing Loans, we may engage asset managers to provide advisory, consultation, asset management and other services to help our third-party servicers formulate and implement strategic plans to manage, collect and dispose of loans in a manner that is reasonably expected to maximize the amount of proceeds from each loan. Beginning in November 2015, we engaged Red Creek Asset Management LLC ("Asset Manager"), an affiliate of the Manager and a direct subsidiary of Angelo Gordon, as the asset manager for certain of our Re/Non-Performing Loans. The Asset Manager acknowledges that we will at all times have and retain ownership of all loans and that the Asset Manager will not acquire (i) title to any loan, (ii) any security interest in any loan, or (iii) any other rights or interests of any kind or any nature whatsoever in or to any loan. We pay separate arm's-length asset management fees, as assessed and confirmed periodically by a third-party valuation firm, for (i) non-performing loans and (ii) re-performing loans. For the three months ended March 31, 2019 and March 31, 2018, the fees paid by us to the Asset Manager totaled $124,984 and $47,641, respectively.

Arc Home

On December 9, 2015, we, alongside private funds under the management of Angelo Gordon, through AG Arc, formed Arc Home, a Delaware limited liability company. Arc Home, through its subsidiary, originates conforming, Government, Jumbo and other non-conforming residential mortgage loans, retains the mortgage servicing rights associated with the loans it originates, and purchases additional mortgage servicing rights from third-party sellers.

Our investment in Arc Home, which is conducted through AG Arc, one of our indirect subsidiaries, is reflected on the "Investments in debt and equity of affiliates" line item on our consolidated balance sheets. See "Off-balance sheet arrangements" section above for the fair value as Arc Home of March 31, 2019 and December 31, 2018.

Arc Home may sell loans to us or to affiliates of our Manager. Arc Home may also enter into agreements with us, third parties, or affiliates of our Manager to sell Excess MSRs on the mortgage loans that it either purchases from third parties or originates. We, directly or through our subsidiaries, have entered into agreements with Arc Home to purchase rights to receive the excess servicing spread related to certain of its MSRs and as of March 31, 2019 and December 31, 2018, these Excess MSRs had fair value of approximately $24.9 million and $27.3 million, respectively.

In connection with our investments in Excess MSRs purchased through Arc Home, we paid an administrative fee to Arc Home. For the three months ended March 31, 2019 and March 31, 2018 the administrative fees paid by us to Arc Home totaled $82,904 and $19,935, respectively.

Mortgage Acquisition Trust I LLC

See "Contractual Obligations: Unfunded Commitments - Mortgage Acquisition Trust I LLC" above.

Management agreement

On June 29, 2011 we entered into a management agreement with our Manager, which governs the relationship between us and our Manager and describes the services to be provided by our Manager and its compensation for those services. The terms of our management agreement, including the fees payable by us to Angelo Gordon, were not negotiated at arm's length, and its terms may not be as favorable to us as if they had been negotiated with an unaffiliated party. Our Manager, pursuant to the delegation agreement dated as of June 29, 2011, has delegated to Angelo Gordon the overall responsibility of its day-to-day duties and obligations arising under our management agreement. For further detail on the Management Agreement, see the "Contractual obligations–Management agreement" section of this Item 2.

Other transactions with affiliates

Our Board of Directors has adopted a policy regarding the approval of any "affiliated transaction," which is any transaction or series of transactions in which Angelo Gordon arranges for the purchase and sale of a security or other investment between or among us, on the one hand, and an entity or entities under Angelo Gordon's management, on the other hand (an "Affiliated Transaction"). In order for the Company to enter into an Affiliated Transaction, the Affiliated Transaction must be approved by the Chief Risk Officer of the Company and the Chief Compliance Officer of Angelo Gordon. The price at which the security or investment is traded is the market price or market bid for such security or investment. Independent third-party valuations are used when market prices or bids are not available or prove to be impracticable to acquire. Our Affiliated Transactions are reviewed by our Audit Committee on a quarterly basis to confirm compliance with the policy.

In February 2017, in accordance with our Affiliated Transactions Policy, we executed one trade whereby we acquired a real estate security from an affiliate of the Manager (the "February Selling Affiliate"). As of the date of the trade, the security acquired from the February Selling Affiliate had a total fair value of $2.0 million. The February Selling Affiliate sold the real estate security through a BWIC (Bids Wanted in Competition). Prior to the submission of the BWIC by the February Selling Affiliate, we submitted our bid for the real estate security to the February Selling Affiliate. The pre-submission of our bid allowed us to confirm third-party market pricing and best execution.

In July 2017, in accordance with our Affiliated Transactions Policy, we acquired certain real estate securities from an affiliate of the Manager (the "July Selling Affiliate"). As of the date of the trade, the securities acquired from the July Selling Affiliate had a total fair value of $0.2 million. As procuring market bids for the real estate securities was determined to be impracticable in the Manager's reasonable judgment, appropriate pricing was based on a valuation prepared by an independent third-party pricing vendor. The third-party pricing vendor allowed us to confirm third-party market pricing and best execution.

In October 2017, in accordance with our Affiliated Transactions Policy, we acquired certain real estate securities and loans from two separate affiliates of the Manager (the "October Selling Affiliates"). As of the date of the trade, the securities and loans acquired from the October Selling Affiliates had a total fair value of $8.4 million. As procuring market bids for the real estate securities and loans was determined to be impracticable in the Manager's reasonable judgment, appropriate pricing was based on a valuation prepared by independent third-party pricing vendors. The third-party pricing vendors allowed us to confirm third-party market pricing and best execution.

In October 2018, in accordance with our Affiliated Transactions Policy, we acquired certain real estate securities and loans from an affiliate of the Manager (the "October 2018 Selling Affiliate"). As of the date of the trade, the real estate securities and loans acquired from the October 2018 Selling Affiliate had a total fair value of $0.5 million. As procuring market bids for the real estate securities and loans was determined to be impracticable in the Manager's reasonable judgment, appropriate pricing was based on a valuation prepared by independent third-party pricing vendors. The third-party pricing vendors allowed us to confirm third-party market pricing and best execution.

In March 2019, in accordance with our Affiliated Transactions Policy, we executed one trade whereby we acquired a real estate security from an affiliate of the Manager (the "March 2019 Selling Affiliate"). As of the date of the trade, the security acquired from the March 2019 Selling Affiliate had a total fair value of $0.9 million. The March 2019 Selling Affiliate sold the real estate security through a BWIC. Prior to the submission of the BWIC by the March 2019 Selling Affiliate, we submitted our bid for the real estate security to the March 2019 Selling Affiliate. The pre-submission of our bid allowed us to confirm third-party market pricing and best execution.

Critical accounting policies

Our consolidated financial statements are prepared in accordance with GAAP, which requires the use of estimates that involve the exercise of judgment and the use of assumptions as to future uncertainties. Our most critical accounting policies involve decisions and assessments that could affect our reported assets and liabilities, as well as our reported revenues and expenses. We believe that all of the decisions and assessments upon which our consolidated financial statements are based are reasonable at the time made and based upon information available to us at that time. We rely upon independent pricing of our assets at each quarter end to arrive at what we believe to be reasonable estimates of fair market value, whenever available. For more information on our fair value measurements, see Note 7 to the "Notes to Consolidated Financial Statements (unaudited)." For a review of our significant accounting policies and the recent accounting pronouncements that may impact our results of operations, see Note 2 to the "Notes to Consolidated Financial Statements (unaudited)."

Inflation

Virtually all of our assets and liabilities are interest rate sensitive in nature. As a result, interest rates and other factors influence our performance far more than inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates.

Compliance with Investment Company Act and REIT tests

We intend to conduct our business so as to maintain our exempt status under, and not to become regulated as an investment company for purposes of the Investment Company Act. If we failed to maintain our exempt status under the Investment Company Act and became regulated as an investment company, our ability to, among other things, use leverage would be substantially reduced and, as a result, we would be unable to conduct our business as described in this report. Accordingly, we monitor our compliance with both the 55% Test and the 80% Test of the Investment Company Act in order to maintain our exempt status. As of December 31, 2018, we determined that we maintained compliance with both the 55% Test and the 80% Test requirements.

We calculate that at least 75% of our assets were real estate assets, cash and cash items and government securities for the year ended December 31, 2018. We also calculate that our revenue qualifies for the 75% gross income test and for the 95% gross income test rules for the year ended December 31, 2018. Overall, we believe that we met the REIT income and asset tests. We also believe that we met all other REIT requirements, including the ownership of our common stock and the distribution of our net income. Therefore, for the year ended December 31, 2018, we believe that we qualified as a REIT under the Code.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary components of our market risk relate to interest rates, liquidity, prepayment rates and credit risk. While we do not seek to avoid risk completely, we seek to assume risk that can be quantified from historical experience and to actively manage that risk, to earn sufficient returns to justify taking those risks and to maintain capital levels consistent with the risks we undertake.

Interest rate risk

Interest rate risk is highly sensitive to many factors, including governmental monetary, fiscal and tax policies, domestic and international economic and political considerations and other factors beyond our control. We are subject to interest rate risk in connection with both our investments and the financing under our financing arrangements. We generally seek to manage this risk by monitoring the reset index and the interest rate related to our target assets and our financings; by structuring our financing arrangements to have a range of maturity terms, amortizations and interest rate adjustment periods; and by using derivative instruments to adjust interest rate sensitivity of our target assets and borrowings.

Interest rate effects on net interest income

Our operating results depend in large part upon differences between the yields earned on our investments and our cost of borrowing and upon the effectiveness of our interest rate hedging activities. The majority of our financing arrangements are short term in nature with an initial term of between 30 and 90 days. The financing rate on these agreements will generally be determined at the outset of each transaction by reference to prevailing rates plus a spread. As a result, our borrowing costs will tend to increase during periods of rising interest rates as we renew, or "roll", maturing transactions at the higher prevailing rates. When combined with the fact that the income we earn on our fixed interest rate investments will remain substantially unchanged, this will result in a narrowing of the net interest spread between the related assets and borrowings and may even result in losses. We have obtained term financing on certain borrowing arrangements. The financing on term facilities generally are fixed at the outset of each transaction by reference to a pre-determined interest rate plus a spread.

In an attempt to offset the increase in funding costs related to rising interest rates, our Manager enters into hedging transactions structured to provide us with positive cash flow in the event interest rates rise. Our Manager accomplishes this through the use of interest rate derivatives. Some hedging strategies involving the use of derivatives are highly complex, may produce volatile returns and may expose us to increased risks relating to counterparty defaults.

Interest rate effects on fair value

Another component of interest rate risk is the effect that changes in interest rates will have on the fair market value of the assets that we acquire.

Generally, in a rising interest rate environment, the fair value of our real estate securities and loan portfolios would be expected to decrease, all other factors being held constant. In particular, the portion of our real estate securities and loan portfolios with fixed-rate coupons would be expected to decrease in value more severely than that portion with a floating-rate coupon. This is because fixed-rate coupon assets tend to have significantly more duration or price sensitivity to changes in interest rates, than floating-rate coupon assets. Fixed-rate assets currently comprise a majority of our portfolio.

The fair value of our investment portfolio could change at a different rate than the fair value of our liabilities when interest rates change. We measure the sensitivity of our portfolio to changes in interest rates by estimating the duration of our assets and liabilities. Duration is the approximate percentage change in fair value for a 100 basis point parallel shift in the yield curve. In general, our assets have higher duration than our liabilities. In order to reduce this exposure we use hedging instruments to reduce the gap in duration between our assets and liabilities.

We calculate estimated effective duration (i.e., the price sensitivity to changes in risk-free interest rates) to measure the impact of changes in interest rates on portfolio value. We estimate duration based on third-party models. Different models and methodologies can produce different effective duration estimates for the same securities. We allocate the net duration by asset type based on the interest rate sensitivity.

The following chart details information about our duration gap as of March 31, 2019:

Duration (1)(2)	Years
Agency RMBS	1.80
Residential Loans (3)	0.39
Hedges	(1.87)
Subtotal	0.32
Credit Investments, excluding Residential Loans (3)	0.63
Duration Gap	**0.95**

(1) Duration related to financing arrangements is netted within its respective Agency RMBS and Credit Investments line items.
(2) The calculation of duration does not include our SFR portfolio.
(3) Residential Loans include Re/Non-Performing Loans and New Origination Loans.

The following table quantifies the estimated percent changes in GAAP equity, the fair market value of our assets, and projected net interest income should interest rates go up or down instantaneously by 25, 50 and 75 basis points, assuming (i) the yield curves of the rate shocks will be parallel to each other and the current yield curve and (ii) all other market risk factors remain constant. These estimates were compiled using a combination of third-party services and models, market data and internal models. All changes in equity, assets, and income are measured as percentage changes from the projected net interest income and GAAP equity from our base interest rate scenario. The base interest rate scenario assumes spot and forward interest rates, which existed as of March 31, 2019. Actual results could differ materially from these estimates.

Agency RMBS assumptions attempt to predict default and prepayment activity at projected interest rate levels. To the extent that these estimates or other assumptions do not hold true, actual results will likely differ materially from projections and could be larger or smaller than the estimates in the table below. Moreover, if different models were employed in the analysis, materially different projections could result. In addition, while the table below reflects the estimated impact of interest rate increases and decreases on a static portfolio as of March 31, 2019, our Manager may from time to time sell any of our investments as a part of the overall management of our investment portfolio.

Change in Interest Rates (basis points) (1)(2)	Change in Fair Market Value as a Percentage of GAAP Equity	Change in Fair Market Value as a Percentage of Assets	Percentage Change in Projected Net Interest Income (3)
75	(6.5)%	(1.2)%	(6.3)%
50	(3.8)%	(0.7)%	(4.1)%
25	(1.6)%	(0.3)%	(2.0)%
(25)	1.0 %	0.2 %	1.9 %
(50)	1.3 %	0.2 %	3.6 %
(75)	1.1 %	0.2 %	5.2 %

(1) Includes investments held through affiliated entities that are reported as "Investments in debt and equity of affiliates" on our consolidated balance sheet, but excludes AG Arc.
(2) Does not include cash investments, which typically have overnight maturities and are not expected to change in value as interest rates change.
(3) Interest income includes trades settled as of March 31, 2019.

The information set forth in the interest rate sensitivity table above and all related disclosures constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Actual results could differ significantly from those estimated in the foregoing interest rate sensitivity table. See below for additional risks which may impact the fair market value of our assets, GAAP equity and net income.

Liquidity risk

Our primary liquidity risk arises from financing long-maturity assets with shorter-term borrowing primarily in the form of financing arrangements. Our Manager seeks to mitigate our liquidity risks by maintaining a prudent level of leverage, monitoring our liquidity position on a daily basis and maintaining a substantial cushion of cash and unpledged real estate securities and loans in our portfolio in order to meet future margin calls. In addition, our Manager seeks to further mitigate our liquidity risk by (i) diversifying our exposure across a broad number of financing counterparties, (ii) limiting our exposure to any single financing counterparty and (iii) monitoring the ongoing financial stability of our financing counterparties.

Liquidity risk – financing arrangements

We pledge real estate securities or mortgage loans and cash as collateral to secure our financing arrangements. Should the fair value of our real estate securities or mortgage loans pledged as collateral decrease (as a result of rising interest rates, changes in prepayment speeds, widening of credit spreads or otherwise), we will likely be subject to margin calls for additional collateral from our financing counterparties. Should the fair value of our real estate securities or mortgage loans decrease materially and suddenly, margin calls will likely increase causing an adverse change to our liquidity position which could result in substantial losses. In addition, we cannot be assured that we will always be able to roll our financing arrangements at their scheduled maturities which could cause material additional harm to our liquidity position and result in substantial losses. Further, should funding conditions tighten as they did in 2007 and 2009, our financing arrangement counterparties may increase our margin requirements on new financings, including repurchase transactions that we roll at maturity with the same counterparty, which would require us to post additional collateral and would reduce our ability to use leverage and could potentially cause us to incur substantial losses.

Liquidity risk - derivatives

The terms of our interest rate swaps and futures require us to post collateral in the form of cash or Agency RMBS to our counterparties to satisfy two types of margin requirements: variation margin and initial margin.

We and our swap and futures counterparties are both required to post variation margin to each other depending upon the daily moves in prevailing benchmark interest rates. The amount of this variation margin is derived from the mark to market valuation of our swaps or futures. Hence, as our swaps or futures lose value in a falling interest rate environment, we are required to post additional variation margin to our counterparties on a daily basis; conversely, as our swaps or futures gain value in a rising interest rate environment, we are able to recall variation margin from our counterparties. By recalling variation margin from our swaps or futures counterparties, we are able to partially mitigate the liquidity risk created by margin calls on our repurchase transactions during periods of rising interest rates.

Initial margin works differently. Collateral posted to meet initial margin requirements is intended to create a safety buffer to benefit our counterparties if we were to default on our payment obligations under the terms of the swaps or futures and our counterparties were forced to unwind the swap or futures. For trades executed on a bilateral basis, the initial margin is set at the outset of each trade as a fixed percentage of the notional amount of the trade. This means that once we post initial margin at the outset of a bilateral trade, we will have no further posting obligations as it pertains to initial margin. However, the initial margin on our centrally cleared trades varies from day to day depending upon various factors, including the absolute level of interest rates and the implied volatility of interest rates. There is a distinctly positive correlation between initial margin, on the one hand, and the absolute level of interest rates and implied volatility of interest rates, on the other hand. As a result, in times of rising interest rates or increasing rate volatility, we anticipate that the initial margin required on our centrally-cleared trades will likewise increase, potentially by a substantial amount. These margin increases will have a negative impact on our liquidity position and will likely impair the intended liquidity risk mitigation effect of our swaps and futures discussed above.

Our TBA dollar roll contracts are also subject to margin requirements governed by the Mortgage-Backed Securities Division ("MBSD") of the Fixed Income Clearing Corporation and by our prime brokerage agreements, which may establish margin levels in excess of the MBSD. Such provisions require that we establish an initial margin based on the notional value of the TBA contract, which is subject to increase if the estimated fair value of our TBA contract or the estimated fair value of our pledged collateral declines. The MBSD has the sole discretion to determine the value of our TBA contracts and of the pledged collateral securing such contracts. In the event of a margin call, we must generally provide additional collateral, either securities or cash, on the same business day.

Prepayment risk

Premiums arise when we acquire real estate assets at a price in excess of the principal balance of the mortgages securing such assets (i.e., par value). Conversely, discounts arise when we acquire assets at a price below the principal balance of the mortgages securing such assets. Premiums paid on our assets are amortized against interest income and accretable purchase discounts on our assets are accreted to interest income. Purchase premiums on our assets, which are primarily carried on our Agency RMBS, are amortized against interest income over the life of each respective asset using the effective yield method, adjusted for actual prepayment activity. An increase in the prepayment rate, as measured by the CPR, will typically accelerate the amortization of purchase premiums, thereby reducing the yield or interest income earned on such assets. Generally, if prepayments on our Non-Agency RMBS or mortgage loans are less than anticipated, we expect that the income recognized on such assets would be reduced due to the slower accretion of purchase discounts, and impairments could result.

As further discussed in Note 2 of the "Notes to Consolidated Financial Statements (unaudited)," differences between previously estimated cash flows and current actual and anticipated cash flows caused by changes to prepayment or other assumptions are adjusted retrospectively through a "catch up" adjustment for the impact of the cumulative change in the effective yield through the reporting date for securities accounted for under ASC 320-10 (generally, Agency RMBS) or adjusted prospectively through an adjustment of the yield over the remaining life of the investment for investments accounted for under ASC 325-40 (generally, Non-Agency RMBS, ABS, CMBS, Excess MSR and interest-only securities) and mortgage loans accounted for under ASC 310-30.

In addition, our interest rate hedges are structured in part based upon assumed levels of future prepayments within our real estate securities or mortgage loan portfolio. If prepayments are slower or faster than assumed, the life of the real estate securities or mortgage loans will be longer or shorter than assumed, respectively, which could reduce the effectiveness of our Manager’s hedging strategies and may cause losses on such transactions.

Our Manager seeks to mitigate our prepayment risk by investing in real estate assets with a variety of prepayment characteristics as well as by attempting to maintain in our portfolio a mix of assets purchased at a premium with assets purchased at a discount.

Real estate value risk

Residential and commercial property values are subject to volatility and may be affected adversely by a number of factors outside of our control, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions (such as an oversupply of housing or commercial real estate); construction quality, age and design; demographic factors; and retroactive changes to building or similar codes. Decreases in property values could cause us to suffer losses and reduce the value of the real estate we invest in or the collateral underlying our RMBS and CMBS portfolios as well as the potential sale proceeds available to repay our loans in the event of a default. In addition, substantial decreases in property values can increase the rate of strategic defaults by residential mortgage borrowers which can impact and create significant uncertainty in the recovery of principal and interest on our investments.

Credit risk

Although we expect to encounter only de minimis credit risk in our Agency RMBS portfolio, we are exposed to the risk of potential credit losses from an unanticipated increase in borrower defaults as well as general credit spread widening on any Non-Agency assets in our portfolio, including residential and commercial mortgage loans as well as Non-Agency RMBS, ABS, CMBS, Excess MSRs and Interest Only investments related to Non-Agency and CMBS. We seek to manage this risk through our Manager’s pre-acquisition due diligence process and, if available, through the use of non-recourse financing, which limits our exposure to credit losses to the specific pool of collateral which is the subject of the non-recourse financing. Our Manager’s pre-acquisition due diligence process includes the evaluation of, among other things, relative valuation, supply and demand trends, the shape of various yield curves, prepayment rates, delinquency and default rates, recovery of various sectors and vintage of collateral.

Basis risk

Basis risk refers to the possible decline in our book value triggered by the risk of incurring losses on the fair value of our Agency RMBS as a result of widening market spreads between the yields on our Agency RMBS and the yields on comparable duration Treasury securities. The basis risk associated with fluctuations in fair value of our Agency RMBS may relate to factors impacting the mortgage and fixed income markets other than changes in benchmark interest rates, such as actual or anticipated monetary policy actions by the Federal Reserve, market liquidity, or changes in required rates of return on different assets. Consequently, while we use interest rate swaps and other hedges to protect against moves in interest rates, such instruments will generally not protect our net book value against basis risk.

Seasonality

Our SFR portfolio and related operating results may be impacted by seasonal factors throughout the year. In particular, we may experience higher levels of resident move-outs during the summer months, which may impact both our rental revenues and related turnover costs. Further, our property operating costs can be seasonally impacted in certain markets by increases in expenses such as HVAC repairs, costs to re-resident, and landscaping expenses during the summer season.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining disclosure controls and procedures that are designed to ensure that information the Company is required to disclose in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that the Company's management, including its principal executive officer and principal financial officer, as appropriate, allow for timely decisions regarding required disclosure.

We have evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures as of March 31, 2019. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, which excludes the impact of the acquisition of the SFR portfolio described below, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow for timely decisions regarding required disclosure.

On September 10, 2018, we completed the acquisition of a portfolio of Single-Family Rental Properties ("SFR"). We currently exclude, and are in the process of working to incorporate, the SFR portfolio in our evaluation of internal controls over financial reporting and the related evaluation of the effectiveness of our disclosure controls and procedures, pursuant to SEC guidance that a recently acquired business may be omitted from the scope of such assessment for up to one year from the date of acquisition. For the three months ended March 31, 2019, SFR revenues represented approximately 7.6% of total revenues. At March 31, 2019, SFR represented approximately 3.4% of our total assets.

(b) Changes in Internal Control over Financial Reporting

No change occurred in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, except as set forth below.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are at times subject to various legal proceedings arising in the ordinary course of business. In addition, in the ordinary course of business, we can be and are involved in governmental and regulatory examinations, information gathering requests, investigations and proceedings. As of the date of this report, we are not party to any litigation or legal proceedings, or to our knowledge, any threatened litigation or legal proceedings, which we believe, individually or in the aggregate, would have a material adverse effect on our results of operations or financial condition.

ITEM 1A. RISK FACTORS.

Refer to the risks identified under the caption "Risk Factors", in our Annual Report on Form 10-K for the year ended December 31, 2018 and our subsequent filings, which are available on the Securities and Exchange Commission's website at www.sec.gov, and in the "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections herein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit No.	Description
*3.1	Articles of Amendment and Restatement of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 3.1 of Amendment No. 2 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on April 18, 2011 ("Pre-Effective Amendment No. 2").
*3.2	Articles of Amendment to Articles of Amendment and Restatement of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 3.1 of Form 8-K, filed with the Securities and Exchange Commission on May 5, 2017.
*3.3	Amended and Restated Bylaws of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 3.1 of Pre-Effective Amendment No. 2.
*3.4	Articles Supplementary of 8.25% Series A Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 of Form 8-K, filed with the Securities and Exchange Commission on August 2, 2012.
*3.5	Articles Supplementary of 8.00% Series B Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 of Form 8-K, filed with the Securities and Exchange Commission on September 24, 2012.
*4.1	Specimen Stock Certificate of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 4.1 of Pre-Effective Amendment No. 2.
*4.2	Specimen 8.25% Series A Cumulative Redeemable Preferred Stock Certificate, incorporated by reference to Exhibit 4.1 of Form 8-K, filed with the Securities and Exchange Commission on August 2, 2012.
*4.3	Specimen 8.00% Series B Cumulative Redeemable Preferred Stock Certificate, incorporated by reference to Exhibit 4.1 of Form 8-K, filed with the Securities and Exchange Commission on September 24, 2012.
*10.1	Form of Registration Rights Agreement by and between the Company and the purchasers of units and shares in the private placement, dated June 29, 2011, incorporated by reference to Exhibit 10.1 of Amendment No. 7 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on June 29, 2011 ("Pre-Effective Amendment No. 7".
*10.2	Form of Management Agreement, dated June 29, 2011 by and between the Company and AG REIT Management, LLC, incorporated by reference to Exhibit 10.3 of Amendment No. 3 to our Registration Statement on Form S-11, filed with the Securities and Exchange Commission on April 25, 2011.**
*10.3	Equity Incentive Plan, dated July 6, 2011, incorporated by reference to Exhibit 10.4 of Pre-Effective Amendment No. 2.**
*10.4	Manager Equity Incentive Plan, dated July 6, 2011, incorporated by reference to Exhibit 10.5 of Pre-Effective Amendment No. 2.**
*10.5	Form of Equity Incentive Plan Restricted Stock Award Agreement, dated July 6, 2011, incorporated by reference to Exhibit 10.6 of Pre-Effective Amendment No. 2.**
*10.6	Form of Manager Equity Incentive Plan Restricted Stock Award Agreement, dated July 6, 2011, incorporated by reference to Exhibit 10.7 of Pre-Effective Amendment No. 2.**
*10.7	Form of Indemnification Agreement, dated July 6, 2011, by and between the Company and the Company's directors and officers, incorporated by reference to Exhibit 10.10 of Pre-Effective Amendment No. 7.

*10.8	Amended and Restated Master Repurchase and Securities Contract dated as of April 12, 2013 between AG MIT, LLC, AG Mortgage Investment Trust, Inc. and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.1 of Form 8-K, filed with the Securities and Exchange Commission on April 15, 2013.
*10.9	Guarantee Agreement dated as of April 9, 2012 by AG Mortgage Invest Trust, Inc. in favor of Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.2 of Form 8-K, filed with the Securities and Exchange Commission on April 10, 2012.
*10.10	Amended and Restated Master Repurchase and Securities Contract dated as of February 11, 2014 between AG MIT WFB1 2014 LLC and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.1 of Form 8-K, filed with the Securities and Exchange Commission on February 21, 2014.
*10.11	Guarantee Agreement dated as of February 11, 2014 by AG MIT, LLC and AG Mortgage Invest Trust, Inc. in favor of Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.2 of Form 8-K, filed with the Securities and Exchange Commission on February 21, 2014.
*10.12	Master Repurchase and Securities Contract dated as of September 17, 2014, as amended by Omnibus Amendment No.1, dated as of August 4, 2015, between AG MIT CREL LLC and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.1 of Form 8-K, filed with the Securities and Exchange Commission on September 18, 2014.
*10.13	Guarantee Agreement dated as of September 17, 2014 as amended by Omnibus Amendment No.1, dated as of August 4, 2015, by AG MIT, LLC and AG Mortgage Investment Trust, Inc. in favor of Wells Fargo Bank, National Association, incorporated by reference to Exhibit 99.2 of Form 8-K, filed with the Securities and Exchange Commission on September 18, 2014.
*10.14	Form of Restricted Stock Unit Award Agreement, dated July 1, 2014, incorporated by reference to Exhibit 10.14 on Form 10-Q, filed with the Securities and Exchange Commission on November 6, 2014.**
*10.15	Omnibus Amendment No.1 to Master Repurchase and Securities Contract, Guarantee Agreement and Fee and Pricing Letter dated as of August 4, 2015 between AG MIT CREL, LLC and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 10.15 of Form 10-Q, filed with the Securities and Exchange Commission on August 6, 2015.
*10.16	Form of Restricted Stock Unit Award Agreement, dated July 1, 2017, incorporated by reference to Exhibit 10.14 on Form 10-Q, filed with the Securities and Exchange Commission on August 9, 2017.**
*10.17	Amendment No. 1 to the Equity Distribution Agreement, dated May 22, 2018, by and among the Company and JMP Securities LLC, incorporated by reference to Exhibit 1.1 of Form 8-K, filed with the Securities and Exchange Commission on May 22, 2018.
*10.18	Amendment No. 1 to the Equity Distribution Agreement, dated May 22, 2018, by and among the Company and Credit Suisse Securities (USA) LLC, incorporated by reference to Exhibit 1.2 of Form 8-K, filed with the Securities and Exchange Commission on May 22, 2018.
*10.19	Amendment Number 7 to the Master Repurchase and Securities Contract dated as of and effective as of February 18, 2014 between AG MIT WFB1 2014 LLC and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 10.1 of Form 8-K, filed with the Securities and Exchange Commission on June 25, 2018.
*10.20	Purchase and Sale Agreement, dated August 31, 2018, by and among Conrex Residential Property Group 2012-2, LLC, Conrex Residential Property Group 2012-2 Operating Company, LLC, Conrex Residential Property Group 2012-2 (B2R-1) Operating Company, LLC, Conrex Residential Property Group 2012-2 (B2R-2) Operating Company, LLC, Ovation Properties, LLC, and SFR MT LLC, incorporated by reference to Exhibit 10.20 on Form 10-Q, filed with the Securities and Exchange Commission on November 9, 2018.

*10.21	Loan Agreement, dated as of September 10, 2018, by and between SFR MT LLC and Metropolitan Life Insurance Company, incorporated by reference to Exhibit 10.21 on Form 10-Q, filed with the Securities and Exchange Commission on November 9, 2018.
*10.22	Underwriting Agreement, dated February 11, 2019, by and among AG Mortgage Investment Trust, Inc., AG REIT Management, LLC and Morgan Stanley & Co. LLC, as representative of the several underwriters, incorporated by reference to Exhibit 1.1 on Form 8-K, filed with the Securities and Exchange Commission on February 14, 2019.
31.1	Certification of David N. Roberts pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Brian C. Sigman pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of David N. Roberts pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Brian C. Sigman pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Fully or partly previously filed.

** Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	AG MORTGAGE INVESTMENT TRUST, INC.
May 3, 2019	By: /s/ David N. Roberts
	David N. Roberts
	Chief Executive Officer (principal executive officer)
May 3, 2019	By: /s/ Brian C. Sigman
	Brian C. Sigman
	Chief Financial Officer and Treasurer (principal financial officer and principal accounting officer)

Exhibit 31.1

I, David N. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AG Mortgage Investment Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2019

/s/ David N. Roberts

David N. Roberts
Chief Executive Officer

Exhibit 31.2

I, Brian C. Sigman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AG Mortgage Investment Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2019

/s/ Brian C. Sigman

Brian C. Sigman
Chief Financial Officer and
Treasurer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of AG Mortgage Investment Trust, Inc. (the "Company") for the quarterly period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David N. Roberts, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ David N. Roberts

David N. Roberts
Chief Executive Officer
May 3, 2019

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of AG Mortgage Investment Trust, Inc. (the "Company") for the quarterly period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian C. Sigman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ Brian C. Sigman

Brian C. Sigman
Chief Financial Officer and
Treasurer
May 3, 2019