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, 2021

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)
8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	MITT PrC	New York Stock Exchange (NYSE)

As of May 4, 2021, there were 46,522,759 outstanding shares of common stock of AG Mortgage Investment Trust, Inc.

AG MORTGAGE INVESTMENT TRUST, INC.
TABLE OF CONTENTS

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, 2021	December 31, 2020
Assets		
Real estate securities, at fair value:		
Agency - $915,423 and $460,949 pledged as collateral, respectively	$ 915,423	$ 518,352
Non-Agency - $14,751 and $28,653 pledged as collateral, respectively	16,371	38,406
CMBS - $29,439 and $42,669 pledged as collateral, respectively	45,838	56,788
Residential mortgage loans, at fair value - $257,844 and $46,571 pledged as collateral, respectively (1)	642,959	435,441
Commercial loans, at fair value	58,209	111,549
Commercial loans held for sale, at fair value	—	13,959
Investments in debt and equity of affiliates	160,323	150,667
Excess mortgage servicing rights, at fair value	3,000	3,158
Cash and cash equivalents	51,637	47,926
Restricted cash	39,918	14,392
Other assets	8,922	9,407
Total Assets	$ 1,942,600	$ 1,400,045
Liabilities		
Financing arrangements	$ 1,132,200	$ 564,047
Securitized debt, at fair value (1)	344,429	355,159
Payable on unsettled trades	—	51,136
Dividend payable	2,791	1,243
Other liabilities	7,875	18,755
Total Liabilities	1,487,295	990,340
Commitments and Contingencies (Note 12)		
Stockholders' Equity		
Preferred stock - $0.01 par value; 50,000 shares authorized:		
8.25% Series A Cumulative Redeemable Preferred Stock; 1,663 and 1,817 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively ($41,580 and $45,413 aggregate liquidation preference, respectively)	40,110	43,808
8.00% Series B Cumulative Redeemable Preferred Stock; 3,814 and 4,165 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively ($95,353 and $104,118 aggregate liquidation preference, respectively)	92,279	100,762
8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, 3,883 shares issued and outstanding at March 31, 2021 and December 31, 2020 ($97,079 aggregate liquidation preference)	93,908	93,908
Common stock, par value $0.01 per share; 450,000 shares of common stock authorized and 46,503 and 41,434 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	465	414
Additional paid-in capital	710,746	688,871
Retained earnings/(deficit)	(482,203)	(518,058)
Total Stockholders' Equity	455,305	409,705
Total Liabilities & Stockholders' Equity	$ 1,942,600	$ 1,400,045

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

(1) See Note 4 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, 2021	March 31, 2020
Net Interest Income		
Interest income	$ 12,119	$ 40,268
Interest expense	4,061	19,971
Total Net Interest Income	8,058	20,297
Other Income/(Loss)		
Net realized gain/(loss)	(4,038)	(151,143)
Net interest component of interest rate swaps	(741)	923
Unrealized gain/(loss) on real estate securities and loans, net	(6,658)	(313,897)
Unrealized gain/(loss) on derivative and other instruments, net	26,507	5,686
Foreign currency gain/(loss), net	14	1,649
Other income	23	3
Total Other Income/(Loss)	15,107	(456,779)
Expenses		
Management fee to affiliate	1,654	2,149
Other operating expenses	3,983	930
Restructuring related expenses	—	1,500
Excise tax	—	(815)
Servicing fees	615	579
Total Expenses	6,252	4,343
Income/(loss) before equity in earnings/(loss) from affiliates	16,913	(440,825)
Equity in earnings/(loss) from affiliates	26,336	(44,192)
Net Income/(Loss)	43,249	(485,017)
Gain on Exchange Offers, net (Note 11)	358	—
Dividends on preferred stock	(4,924)	(5,667)
Net Income/(Loss) Available to Common Stockholders	$ 38,683	$ (490,684)
Earnings/(Loss) Per Share - Basic		
Total Earnings/(Loss) Per Share of Common Stock	$ 0.91	$ (14.98)
Earnings/(Loss) Per Share - Diluted		
Total Earnings/(Loss) Per Share of Common Stock	$ 0.91	$ (14.98)
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	42,348	32,749
Diluted	42,348	32,749

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

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

For the Three Months Ended March 31, 2021 and March 31, 2020

	Common Stock		8.25% Series A Cumulative Redeemable Preferred Stock	8.00% Series B Cumulative Redeemable Preferred Stock	8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Total
	Shares	Amount						
Balance at January 1, 2021	41,434	$ 414	$ 43,808	$ 100,762	$ 93,908	$ 688,871	$ (518,058)	$ 409,705
Net proceeds from issuance of common stock	2,235	22	—	—	—	10,011	—	10,033
Grant of restricted stock	22	—	—	—	—	80	—	80
Common dividends declared	—	—	—	—	—	—	(2,791)	(2,791)
Preferred Series A dividends declared	—	—	—	—	—	—	(937)	(937)
Preferred Series B dividends declared	—	—	—	—	—	—	(2,082)	(2,082)
Preferred Series C dividends declared	—	—	—	—	—	—	(1,942)	(1,942)
Exchange Offers (Note 11)	2,812	29	(3,698)	(8,483)	—	11,784	358	(10)
Net Income/(Loss)	—	—	—	—	—	—	43,249	43,249
Balance at March 31, 2021	46,503	$ 465	$ 40,110	$ 92,279	$ 93,908	$ 710,746	$ (482,203)	$ 455,305

	Common Stock		8.25% Series A Cumulative Redeemable Preferred Stock	8.00% Series B Cumulative Redeemable Preferred Stock	8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Total
	Shares	Amount						
Balance at January 1, 2020	32,742	$ 327	$ 49,921	$ 111,293	$ 111,243	$ 662,183	$ (85,921)	$ 849,046
Grant of restricted stock and amortization of equity based compensation	7	—	—	—	—	303	—	303
Preferred Series A dividends declared	—	—	—	—	—	—	(1,067)	(1,067)
Preferred Series B dividends declared	—	—	—	—	—	—	(2,300)	(2,300)
Preferred Series C dividends declared	—	—	—	—	—	—	(2,300)	(2,300)
Net Income/(Loss)	—	—	—	—	—	—	(485,017)	(485,017)
Balance at March 31, 2020	32,749	$ 327	$ 49,921	$ 111,293	$ 111,243	$ 662,486	$ (576,605)	$ 358,665

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

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

	Three Months Ended	
	March 31, 2021	March 31, 2020
Cash Flows from Operating Activities		
Net income/(loss)	$ 43,249	$ (485,017)
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:		
Net amortization of premium/(discount)	(802)	(2,951)
Net realized (gain)/loss	4,038	151,143
Unrealized (gain)/loss on real estate securities and loans, net	6,658	313,897
Unrealized (gain)/loss on derivative and other instruments, net	(26,507)	(5,686)
Foreign currency (gain)/loss, net	(14)	(1,649)
Equity based compensation to affiliate	—	88
Equity based compensation expense	80	215
(Income)/Loss from investments in debt and equity of affiliates in excess of distributions received	(20,403)	45,459
Change in operating assets/liabilities:		
Other assets	321	3,489
Other liabilities	(143)	(10,831)
Net cash provided by (used in) continuing operating activities	6,477	8,157
Net cash provided by (used in) discontinued operating activities	—	(726)
Net cash provided by (used in) operating activities	6,477	7,431
Cash Flows from Investing Activities		
Purchase of real estate securities	(566,731)	(29,599)
Purchase of residential mortgage loans	(208,927)	(481,470)
Origination of commercial loans	(1,881)	(4,663)
Purchase of commercial loans	(1,788)	(6,778)
Investments in debt and equity of affiliates	(1,122)	(28,180)
Proceeds from sales of real estate securities	111,954	2,449,103
Proceeds from sales of residential mortgage loans	—	8,679
Proceeds from sales of commercial loans	74,579	—
Principal repayments on real estate securities	14,337	97,694
Principal repayments on excess MSRs	223	1,065
Principal repayments on commercial loans	195	—
Principal repayments on residential mortgage loans	12,294	22,674
Distributions received in excess of income from investments in debt and equity of affiliates	12,325	19,509
Net settlement of interest rate swaps and other instruments	27,469	(73,338)
Net settlement of TBAs	—	4,218
Cash flows provided by (used in) other investing activities	619	(2,638)
Net cash provided by (used in) investing activities	(526,454)	1,976,276
Cash Flows from Financing Activities		
Net proceeds from issuance of common stock	10,033	—
Borrowings under financing arrangements	2,852,955	11,470,090
Repayments of financing arrangements	(2,284,802)	(13,391,832)
Repayments of secured debt	(10,000)	—
Principal repayments on securitized debt	(12,777)	(5,707)
Net collateral received from (paid to) repurchase counterparty	—	(27,444)
Dividends paid on common stock	(1,243)	(14,734)
Dividends paid on preferred stock	(4,961)	(5,667)
Net cash provided by continuing financing activities	549,205	(1,975,294)

	Three Months Ended	
	March 31, 2021	March 31, 2020
Net change in cash and cash equivalents and restricted cash	29,228	8,413
Cash and cash equivalents and restricted cash, Beginning of Period	62,318	125,369
Effect of exchange rate changes on cash	9	(83)
Cash and cash equivalents and restricted cash, End of Period	$ 91,555	$ 133,699
Supplemental disclosure of cash flow information:		
Cash paid for interest on financing arrangements	$ 3,979	$ 27,253
Cash paid for excise and income taxes	$ —	$ 1,010
Supplemental disclosure of non-cash financing and investing activities:		
Receivable on unsettled trades	$ —	$ 12,007
Common stock dividends declared but not paid	$ 2,791	$ —
Exchange Offer (Note 11)	$ 12,181	$ —
Transfer of real estate securities in satisfaction of repurchase agreements	$ —	$ 340,267
Change in repurchase agreements from transfer of real estate securities	$ —	$ 339,898
Decrease in securitized debt	$ —	$ 1,193
Transfer from residential mortgage loans to other assets	$ 571	$ 206
Transfer from investments in debt and equity of affiliates to CMBS	$ —	$ 320

The following table provides a reconciliation of cash and 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, 2021	March 31, 2020
Cash and cash equivalents	$ 51,637	$ 92,299
Restricted cash	39,918	41,400
Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 91,555	$ 133,699

The accompanying notes are an integral part of these unaudited 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 risk adjusted portfolio of credit investments and agency investments, which contains the asset classes further described below.

The Company's investment groups are primarily comprised of the following:

Investment Groups	Description
Credit - Residential	
Residential mortgage loans	• Non-QM Loans are residential mortgage loans that are not deemed "qualified mortgage," or "QM," loans under the rules of the Consumer Finance Protection Bureau. • Performing, re-performing, and non-performing loans are residential mortgage loans collateralized by a first lien mortgage on residential mortgaged property.
Non-Agency Residential Mortgage-Backed Securities ("RMBS")	• Non-Agency RMBS represent fixed- and floating-rate RMBS issued by entities other than U.S. government-sponsored entity ("GSE") or agency of the U.S. government. The mortgage loan collateral for Non-Agency RMBS consists of residential mortgage loans that do not generally conform to underwriting guidelines issued by a GSE or agency of the U.S. government.
Credit - Commercial	
Commercial Mortgage-Backed Securities ("CMBS")	• CMBS represent investments of fixed- and floating-rate CMBS secured by, or evidencing an ownership interest in, a single commercial mortgage loan or a pool of commercial mortgage loans. Single-Asset/Single-Borrower securities are CMBS which securitize a single loan that is backed by a single asset (usually a large commercial property) or by a pool of cross collateralized mortgage obligations to a single borrower or related borrowers. Conduit CMBS are CMBS that are collateralized by commercial mortgage loans to multiple borrowers.
Commercial Loans	• Commercial loans are collateralized by an interest in commercial real estate and represent a contractual right to receive money on demand or on fixed or determinable dates.
Agency RMBS	• Agency RMBS represent interests in pools of residential mortgage loans guaranteed by a GSE such as Fannie Mae or Freddie Mac, or any agency of the U.S. Government such as Ginnie Mae.
Excess MSRs	• Excess MSRs represent the excess servicing spread related to mortgage servicing rights, whose underlying collateral is securitized in a trust held by a GSE or agency of the U.S. government ("Agency Excess MSR").

The Company refers to its residential and commercial mortgage loans as "mortgage loans" or "loans."

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

Credit investments include loans, Non-Agency RMBS, and CMBS and agency investments include Agency RMBS and Agency Excess MSRs.

The Company conducts its business through one reportable segment, Securities and Loans, which reflects how the Company manages its business and analyzes and reports its results of operations. On November 15, 2019, the Company sold its portfolio of single-family rental properties ("SFR portfolio") to a third party, which was previously reported as a separate operating segment. The sale of the Company's SFR portfolio met the criteria for discontinued operations.

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 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.

COVID-19 Impact

The novel coronavirus ("COVID-19") pandemic has caused, and will continue to cause, a significant disruption in the U.S. and world economies. To slow the spread of COVID-19, many countries, including the U.S., have implemented social distancing measures, which have substantially prohibited larger gatherings, including at sporting events, religious services and schools. Further, many regions, including the majority of U.S. states, implemented additional measures, such as shelter-in-place and stay-at-home orders. Many businesses moved to a remote working environment, temporarily suspended operations, laid off a significant percentage of their workforce and/or shut down completely. Moreover, the COVID-19 pandemic and certain of the actions taken to reduce its spread have resulted in lost business revenue, rapid and significant increases in unemployment, changes in consumer behavior and significant reductions in liquidity and the fair value of many assets, including those in which the Company invests. Although many of the government restrictions were relaxed over the summer and early fall of 2020, these conditions, or some level thereof, are expected to continue over the near term and may continue throughout the remainder of 2021, depending on state and local outbreaks and the pace and effectiveness of COVID-19 vaccinations.

Beginning in mid-March 2020, the global pandemic associated with COVID-19 and related economic conditions caused financial and mortgage-related asset markets to come under extreme duress, resulting in credit spread widening, a sharp decrease in interest rates and unprecedented illiquidity in repurchase agreement financing and mortgage-backed securities ("MBS") markets. The illiquidity was exacerbated by inadequate demand for MBS among primary dealers due to balance sheet constraints. Refer to Note 2 "Financing arrangements" for further details related to the impact to the Company as a result of these economic conditions.

The full impact of COVID-19 on the mortgage REIT industry, the credit markets and consequently on the Company's financial condition and results of operations for future periods is uncertain and cannot be predicted at the current time as it depends on several factors beyond the control of the Company including, but not limited to (i) the uncertainty around the severity, duration and spread of the outbreak, (ii) the effectiveness of the United States and global public health response, (iii) the pandemic's impact on the U.S. and global economies, (iv) the timing, scope and effectiveness of additional governmental responses to the pandemic, including the availability of a treatment or the administration of vaccines, (v) the impact of government interventions, and (vi) the negative impact on the Company's borrowers, asset values and cost of capital.

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. In the opinion of management, all adjustments considered necessary for a fair presentation 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. Cash and cash equivalents are carried at cost, which approximates fair value. 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. 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, and financing arrangements, as well as restricted cash deposited into accounts held at certain consolidated trusts. Restricted cash is not available to the Company for general corporate purposes. 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.

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 is 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 third-party 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.

At the beginning of the first quarter of 2020, the Manager completed a data collection and analysis effort, which supported an update to its Leveling policy under ASC 820. Among the data collected and analyzed were: (i) reports from TRACE, FINRA's Trade Reporting and Compliance Engine, that reports over-the-counter secondary market transactions in eligible fixed income securities, (ii) information from pricing vendors regarding valuation approaches and observability of market color, (iii) data points collected from discussions with industry sources, including peer firms and audit firms, and (iv) its own data from back testing vendor pricing against its own trades. After analyzing this data, the Manager concluded that there was sufficient observability of market inputs used by its third-party pricing services for certain RMBS and CMBS positions previously categorized as Level 3 to meet the criteria for a Level 2 classification.

Accounting for loans

Investments in loans are recorded in accordance with ASC 310-10, "Receivables." The Company has chosen to make a fair value election pursuant to ASC 825 for its loan portfolio. 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 loan activities will be recorded in a similar manner. As such, loans are recorded at fair value on the consolidated balance sheets and any periodic change in fair 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." The Company recognizes certain upfront costs and fees relating to loans for which the fair value option has been elected in current period earnings as incurred and does not defer those costs, which is in accordance with ASC 825-10-25. Purchases and sales of loans are recorded on the settlement date, concurrent with the completion of due diligence and the removal of any contingencies. Prior to the settlement date, the Company will include commitments to purchase loans within the Commitments and Contingencies footnote to the financial statements.

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 the Manager, 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.

Residential Mortgage Loans

At purchase, the Company may aggregate its residential mortgage loans into pools based on common risk characteristics. Once a pool of loans is assembled, its composition is maintained. 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.

Commercial Loans

Commercial loans are classified as held for sale upon the Company determining that it intends to sell or liquidate the loan in the short-term and certain criteria have been met. Commercial loans meeting all criteria for reclassification are presented separately on the consolidated balance sheets in the "Commercial Loans Held for Sale" line item. Estimated costs incurred to sell a loan are included within the fair value of the loan.

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 value on the consolidated balance sheets and the periodic change in fair 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." Purchases and sales of real estate securities are recorded on the trade date.

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.

In June 2016, FASB issued ASU 2016-13, "Financial Instruments – Credit Losses" ("ASU 2016-13"). This guidance significantly changed how entities measure credit losses for most financial assets, including loans, that are not measured at fair value with changes in fair value recognized through net income. The Company adopted the guidance as of January 1, 2020. The guidance specifically excludes available-for-sale securities and loans measured at fair value, with changes in fair value recognized through net income. Accordingly, the impact of the guidance on accounting for the Company's debt securities and loans is limited to recognition of effective yield which was historically impacted by other than temporary impairment recorded under previous standards. As the guidance eliminates the accounting for other than temporary impairment, this guidance has impacted the Company's unrealized and realized gain/(loss) amounts. As the Company measures its debt securities and loans at fair value with any changes recognized through net income and updates its estimate of the cash flows expected to be collected on these asset classes on at least a quarterly basis recognizing changes in cash flows in interest income prospectively through an adjustment of an asset's yield over its remaining life, the adoption of the standard did not have a material impact to the Company's consolidated financial statements.

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 ("FIFO") basis. Realized gains and losses are recorded in earnings at the time of disposition.

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, loans and its interest in AG Arc LLC. These types of investments may also be held directly by the Company. Certain entities have chosen to make a fair value election on their financial instruments and certain financing arrangements pursuant to ASC 825; as such, the Company will treat these financial instruments and financing arrangements consistently with this election.

Arc Home

On December 9, 2015, the Company, alongside private funds managed by Angelo Gordon, through AG Arc LLC, one of the Company's indirect subsidiaries ("AG Arc"), formed Arc Home LLC ("Arc Home"). Arc Home originates conforming, Government, Jumbo, Non-QM, and other non-conforming residential mortgage loans and retains the mortgage servicing rights associated with the loans it originates. Arc Home is led by an external management team. The Company has chosen to make a fair value election with respect to its investment in AG Arc pursuant to ASC 825. The Company elected to treat its investment in AG Arc as a taxable REIT subsidiary. As a result, income or losses recognized by the Company from its investment in AG Arc are recorded in "Equity in earnings/(loss) from affiliates" line item on the Company's consolidated statement of operations net of income taxes.

From time to time, the Company acquires newly originated Non-QM Loans from Arc Home with the intent to securitize the assets and obtain non-recourse financing. In connection with the sale of loans from Arc Home to the Company, gains or losses recorded by Arc Home are consolidated into AG Arc. In accordance with ASC 323-10, for loans acquired from Arc Home that remain on the Company's consolidated balance sheet at period end, the Company eliminates any profits or losses typically recognized through the "Equity in earnings/(loss) from affiliates" line item on the Company's consolidated statement of operations and adjusts the cost basis of the underlying loans accordingly. For the three months ended March 31, 2021, the Company eliminated $0.5 million of intra-entity profits recognized by Arc Home and also decreased the cost basis of the underlying loans by the same amount in connection with loan sales to the Company.

MATH

On August 29, 2017, the Company, alongside private funds managed by 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-QM Loans. Non-QM Loans are not eligible for delivery to Fannie Mae, Freddie Mac, or Ginnie Mae. MATT made an election to be treated as a real estate investment trust beginning with the 2018 tax year.

LOTS

On May 15, 2019 and November 14, 2019, the Company, alongside private funds managed by Angelo Gordon, formed LOT SP I LLC and LOT SP II LLC, respectively, (collectively, "LOTS"). LOTS were formed to originate first mortgage loans to third-party land developers and home builders for the acquisition and horizontal development of land ("Land Related Financing").

Investments in debt and equity of affiliates

The below tables reconcile the fair value of investments to the "Investments in debt and equity of affiliates" line item on the Company's consolidated balance sheets (in thousands).

	March 31, 2021			December 31, 2020		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Non-QM Loans (1)	$ 149,039	$ (100,762)	$ 48,277	$ 153,200	$ (111,135)	$ 42,065
Land Related Financing	22,718	—	22,718	22,824	—	22,824
Other (2)	46,001	(13,236)	32,765	41,940	(5,588)	36,352
Real Estate Securities and Loans, at fair value	$ 217,758	$ (113,998)	$ 103,760	$ 217,964	$ (116,723)	$ 101,241
AG Arc, at fair value	52,138	—	52,138	45,341	—	45,341
Cash and Other assets/(liabilities)	8,260	(3,835)	4,425	5,279	(1,194)	4,085
Investments in debt and equity of affiliates	$ 278,156	$ (117,833)	$ 160,323	$ 268,584	$ (117,917)	$ 150,667

(1) As of March 31, 2021 and December 31, 2020, Non-QM Loans excluded loans with an unpaid principal balance of $14.2 million and $17.3 million, respectively, whereby an affiliate of MATT has the right, but not the obligation, to repurchase loans from a trust that are 90 days or more delinquent at its discretion. These loans, which are eligible to be repurchased, would be recorded on the balance sheet of MATT, an unconsolidated equity method investee of the Company, with a corresponding and offsetting liability.
(2) Certain loans held in securitized form are presented net of non-recourse securitized debt.

The below table reconciles the net income/(loss) to the "Equity in earnings/(loss) from affiliates" line item on the Company's consolidated statements of operations (in thousands).

	Three Months Ended	
	March 31, 2021	March 31, 2020
Non-QM Loans	$ 14,646	$ (26,729)
AG Arc (1)	6,340	(10,026)
Land Related Financing	710	664
Other	4,640	(8,101)
Equity in earnings/(loss) from affiliates	$ 26,336	$ (44,192)

(1) The earnings at AG Arc during the three months ended March 31, 2021 were primarily the result of $4.2 million of net income related to Arc Home's lending and servicing operations and $1.5 million related to changes in the fair value of the MSR portfolio held by Arc Home.

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. 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 (i) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support, (ii) are unable to direct the entity’s activities or (iii) 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. If the Company determines that consolidation is not required, it will then assess whether the transfer of the underlying assets would qualify as a sale, should be accounted for as secured financings under GAAP, or should be accounted for as an equity method investment, depending on the circumstances. See Note 4 for more detail.

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.

The Company entered into securitization transactions of certain of its re-performing and non-performing residential mortgage loans, which resulted in the Company consolidating the respective VIEs that were created to facilitate these transactions and to which the underlying assets in connection with these securitizations were transferred (the "August 2019 VIE" and the "September 2020 VIE"). Based on the evaluations of each VIE, the Company concluded that the VIEs should be consolidated and, as a result, transferred assets of these VIEs were determined to be secured borrowings. Upon consolidation, the Company elected the fair value option pursuant to ASC 825 for the assets and liabilities of the August 2019 VIE and September 2020 VIE. 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 activities will be recorded in a similar manner. The Company applied the guidance under ASU 2014-13, "Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity," whereby the Company determines whether the fair value of the assets or liabilities of the August 2019 VIE and September 2020 VIE are more observable as a basis for measuring the less observable financial instruments. The Company has determined that the fair value of the liabilities of the August 2019 VIE and September 2020 VIE are more observable since the prices for these liabilities are more easily determined as similar instruments trade more frequently on a relative basis than the individual assets of the VIEs. See Note 4 for more detail regarding these VIEs. Refer to Note 5 related to the Company's determination of fair value for the assets and liabilities included within these VIEs.

From time to time the Company purchases residual positions where it consolidates the securitization and the positions are recorded on the Company's books as residential mortgage loans. There may be limited data available regarding the underlying collateral of such securitizations.

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 value. 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 "residential mortgage loans" 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 and loan portfolio is accrued based on the actual coupon rate and the outstanding principal balance of such securities or loans. 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 and loans accounted for under the fair value option in accordance with ASC 825, "Financial Instruments". As such, premiums and discounts are amortized or accreted into interest income over the lives of the securities or loans 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.

For Agency RMBS, exclusive of interest-only securities, prepayments of the underlying collateral are estimated on a quarterly basis, 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 retrospectively through the reporting date.

Similarly, the Company also reassesses the cash flows on at least a quarterly basis for securities and loans, including Non-Agency RMBS, CMBS, interest-only securities, Non-QM Loans, 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.

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 aggregates 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 changes in cash flows expected to be collected generally should be recognized prospectively through an adjustment of the loan's yield over its remaining life.

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 revolving facilities. Repurchase agreements and revolving 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. If the fair value of pledged assets declines due to changes in market conditions, 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 financing arrangements represents 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 order to meet these obligations. If the fair 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. Financings pursuant to repurchase agreements and revolving facilities are generally recourse to the Company. As of March 31, 2021 and December 31, 2020, the Company had met all margin call requirements.

Forbearance and Reinstatement Agreements

On March 20, 2020, the Company notified its financing counterparties that it did not expect to be in a position to fund the anticipated volume of future margin calls under its financing arrangements in the near term as a result of market disruptions created by the COVID-19 pandemic. Subsequent to March 23, 2020, the Company received notifications of alleged events of default and deficiency notices from several of its financing counterparties. Subject to the terms of the applicable financing arrangement, if the Company had failed to deliver additional collateral or otherwise meet margin calls when due, the financing counterparties may have been able to demand immediate payment by the Company of the aggregate outstanding financing obligations owed to such counterparties, and if such financing obligations were not paid, may have been permitted to sell the financed assets and apply the proceeds to the Company's financing obligations and/or take ownership of the assets securing the Company's financing obligations. During this period of market upheaval, the Company engaged in discussions with its financing counterparties with regard to entering into forbearance agreements pursuant to which each counterparty would agree to forbear from exercising its rights and remedies with respect to an event of default under the applicable financing arrangement for an agreed-upon period. On April 10, 2020, the Company entered into a forbearance agreement for an initial 15 day period, on April 27, 2020, a second forbearance agreement for an extended period ending on June 1, 2020, and a third forbearance agreement on June 1, 2020 for an additional period ending June 15, 2020 (collectively, the "Forbearance Agreement") with certain of its financing counterparties (the "Participating Counterparties"). Pursuant to the terms of the Forbearance Agreement, the Participating Counterparties agreed to forbear from exercising any of their rights and remedies in respect of events of default and any and all other defaults under the applicable financing arrangement with the Company for the duration of the forbearance period specified in the Forbearance Agreement (the "Forbearance Period").

On June 10, 2020, the Company and the Participating Counterparties entered into a Reinstatement Agreement, pursuant to which the parties agreed to terminate the Forbearance Agreement and each Participating Counterparty agreed to permanently waive all existing and prior events of default under its financing agreements with the Company (each, a “Bilateral Agreement”) and to reinstate each Bilateral Agreement, as it may be amended by agreement between the Participating Counterparty and the Company. As a result of the termination of the Forbearance Agreement and entry into the Reinstatement Agreement, default interest on the Company’s outstanding borrowings under each Bilateral Agreements has ceased to accrue as of June 10, 2020 and the interest rate was the non-default rate of interest or pricing rate, as set forth in the applicable Bilateral Agreements, all cash margin has been applied to outstanding balances owed by the Company, and the DTC repo tracker coding for each Bilateral Agreement has been reinstated, thereby allowing principal and interest payments on the underlying collateral to flow to and be used by the Company, just as it was before the prior forbearance agreements were put in place. In addition, pursuant to the terms of the Reinstatement Agreement, the security interests granted to Participating Counterparties as additional collateral under the various forbearance agreements have been terminated and released. The Company also agreed to pay the reasonable fees and out-of-pocket expenses of counsel and other professional advisors for the Participating Counterparties and the collateral agent. Additionally, the Reinstatement Agreement provided a set of financial covenants that override and replace the financial covenants in each Bilateral Agreement and sets forth various reporting requirements from the Company to the Participating Counterparties, releases, certain netting obligations and cross-default provisions. In connection with the negotiation and execution of the Reinstatement Agreement, the Company entered into certain amendments to the Bilateral Agreements with certain of the Participating Counterparties to reflect current market terms. In general, the amendments reflect increased haircuts and higher coupons.

On June 10, 2020, the Company also entered a separate reinstatement agreement with JPMorgan Chase Bank (the "JPM Reinstatement Agreement") on substantially the same terms as those set forth in the Reinstatement Agreement. The Reinstatement Agreement and the JPM Reinstatement Agreement collectively cover all of the Company’s existing financing arrangements as of the date of this report.

Dividends on Preferred Stock

Holders of the Company's Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock are entitled to receive cumulative cash dividends at a rate of 8.25%, 8.00% and 8.000% per annum, respectively, of the $25.00 per share liquidation preference for each series. On and after September 17, 2024, dividends on the Series C Preferred Stock will accumulate at a percentage of the $25.00 liquidation preference equal to an annual floating rate of the then three-month LIBOR plus a spread of 6.476% per annum. If the Company's Board of Directors does not declare a dividend in a given period, an accrual is not recorded on the balance sheet. However, undeclared preferred stock dividends are reflected in earnings per share as discussed in ASC 260-10-45-11. Preferred stock dividends that are not declared accumulate and are added to the liquidation preference as of the scheduled payment date for the respective series of the preferred stock. The undeclared and unpaid dividends on the Company's preferred stock accrue without interest, and if dividends on the Company's preferred stock are in arrears, the Company cannot pay cash dividends with respect to its common stock. See Note 11 for further detail on the Company's Preferred Stock.

Accounting for derivative financial instruments

Derivative contracts

The Company enters into derivative contracts as a means of mitigating interest rate risk or foreign currency 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, 2021 and December 31, 2020, 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. 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."

Variation margin

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. 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, 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. 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.

Manager compensation

The management agreement provides for payment to the Manager of a management fee as well as a reimbursement of certain expenses incurred by the Manager or its affiliates on behalf of the Company. The management fee and reimbursement are accrued and expensed during the period for which they are earned or for which the expenses are incurred, respectively. The management fee and reimbursement are included in the "Management fee" and "Other operating expenses" line items, respectively, on the consolidated statement of operations. For a more detailed discussion on the fees payable under the management agreement, see Note 10.

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.

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.

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) which may 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 taxable 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.

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 9 for further details.

Deal related performance fees

The Company may incur deal related performance fees, payable to Arc Home and third-party operators, on certain of its CMBS, Excess MSRs, and Land Related Financing. 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.

Offering costs

The Company has incurred offering costs in connection with common stock offerings, registration statements, preferred stock offerings and exchanges. 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. Offering costs in connection with preferred stock offerings have been accounted for as a reduction of their respective gross proceeds. Exchange costs in connection with the Company's preferred stock exchanges have been accounted for as a reduction to the Company's retained earnings.

Recent accounting pronouncements

In March 2020, FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This ASU provides temporary optional guidance intended to ease the burden of reference rate reform on financial reporting. This ASU was effective upon its issuance on March 12, 2020 and applies to all entities that have contracts, hedging relationships and other transactions that reference LIBOR and certain other reference rates that are expected to be discontinued. However, it cannot be applied to contract modifications that occur after December 31, 2022. With certain exceptions, this ASU also cannot be applied to hedging relationships entered into or evaluated after that date. The guidance provides optional expedients and exceptions for applying existing guidance to contract modifications, hedging relationships and other transactions that are expected to be affected by reference rate reform and meet certain scope guidance. The Company is currently evaluating the effect this 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, 2021 and December 31, 2020 ($ in thousands). The gross unrealized gains/(losses) stated in the tables below represent inception to date unrealized gains/(losses).

March 31, 2021				Gross Unrealized			Weighted Average	
	Current Face	Premium / (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (1)	Yield
Agency RMBS:								
30 Year Fixed Rate	$ 906,892	$ 37,735	$ 944,627	$ —	$ (29,204)	$ 915,423	2.15 %	1.62 %
Credit Investments:								
Residential Investments								
Prime	6,816	(4,629)	2,187	390	—	2,577	3.50 %	14.20 %
Alt-A/Subprime	16,282	(9,379)	6,903	4,542	—	11,445	4.25 %	14.16 %
Credit Risk Transfer	420	—	420	7	—	427	5.61 %	5.61 %
Non-Agency RMBS Interest Only (2)	142,388	(142,306)	82	242	(43)	281	0.51 %	NM
Re/Non-Performing Securities	1,608	(167)	1,441	200	—	1,641	5.25 %	20.92 %
Total Residential Investments:	167,514	(156,481)	11,033	5,381	(43)	16,371	1.36 %	14.38 %
Commercial Investments								
Single-Asset/Single-Borrower	35,500	(81)	35,419	—	(5,981)	29,438	4.07 %	4.45 %
Freddie Mac K-Series CMBS	22,327	(11,709)	10,618	1,662	(53)	12,227	3.83 %	9.23 %
CMBS Interest Only (3)	685,961	(681,952)	4,009	270	(106)	4,173	0.10 %	7.02 %
Total Commercial Investments:	743,788	(693,742)	50,046	1,932	(6,140)	45,838	0.33 %	5.96 %
Total Credit Investments:	911,302	(850,223)	61,079	7,313	(6,183)	62,209	0.44 %	8.17 %
Total	$ 1,818,194	$ (812,488)	$ 1,005,706	$ 7,313	$ (35,387)	$ 977,632	1.34 %	2.04 %

December 31, 2020				Gross Unrealized			Weighted Average	
	Current Face	Premium / (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon (1)	Yield
Agency RMBS:								
30 Year Fixed Rate	$ 494,307	$ 22,368	$ 516,675	$ 1,794	$ (117)	$ 518,352	2.10 %	1.17 %
Credit Investments:								
Residential Investments								
Prime	15,093	(7,081)	8,012	663	(10)	8,665	3.68 %	8.97 %
Alt-A/Subprime	16,287	(9,377)	6,910	4,586	—	11,496	4.25 %	12.52 %
Credit Risk Transfer	13,880	—	13,880	15	(587)	13,308	4.71 %	4.70 %
Non-U.S. RMBS	2,435	706	3,141	51	(92)	3,100	6.45 %	6.41 %
Non-Agency RMBS Interest Only (2)	157,590	(157,513)	77	207	(48)	236	0.53 %	NM
Re/Non-Performing Securities	1,690	(238)	1,452	149	—	1,601	5.25 %	14.05 %
Total Residential Investments:	206,975	(173,503)	33,472	5,671	(737)	38,406	2.01 %	8.50 %
Commercial Investments								
Conduit	4,925	(1,024)	3,901	—	(606)	3,295	4.62 %	11.89 %
Single-Asset/Single-Borrower	50,480	(1,494)	48,986	668	(9,464)	40,190	4.15 %	4.81 %
Freddie Mac K-Series CMBS	22,572	(12,062)	10,510	47	(1,557)	9,000	3.83 %	9.00 %
CMBS Interest Only (3)	687,077	(682,961)	4,116	256	(69)	4,303	0.10 %	6.93 %
Total Commercial Investments:	765,054	(697,541)	67,513	971	(11,696)	56,788	0.44 %	6.04 %
Total Credit Investments:	972,029	(871,044)	100,985	6,642	(12,433)	95,194	0.65 %	7.04 %
Total	$ 1,466,336	$ (848,676)	$ 617,660	$ 8,436	$ (12,550)	$ 613,546	1.18 %	2.08 %

(1) Equity residual investments and principal only securities with a zero coupon rate are excluded from this calculation.
(2) Non-Agency RMBS Interest Only includes only two investments as of March 31, 2021 and December 31, 2020. The overall impact of the investments' yields on the Company's portfolio is not meaningful.
(3) Comprised of Freddie Mac K-Series interest-only bonds.

The following tables detail the weighted average life of our real estate securities as of March 31, 2021 and December 31, 2020 ($ in thousands):

March 31, 2021	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	$ —	$ —	— %	$ 30,891	$ 36,803	4.11 %
Greater than one year and less than or equal to five years	—	—	—	2,890	2,543	0.16 %
Greater than five years and less than or equal to ten years	734,069	755,645	2.18 %	12,178	11,303	0.25 %
Greater than ten years	181,354	188,982	2.00 %	16,250	10,430	4.25 %
Total	$ 915,423	$ 944,627	2.15 %	$ 62,209	$ 61,079	0.44 %

December 31, 2020	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	$ —	$ —	— %	$ 31,166	$ 39,588	1.81 %
Greater than one year and less than or equal to five years	181,947	181,209	2.29 %	20,131	21,634	0.33 %
Greater than five years and less than or equal to ten years	336,405	335,466	2.00 %	20,310	20,808	0.36 %
Greater than ten years	—	—	—	23,587	18,955	4.18 %
Total	$ 518,352	$ 516,675	2.10 %	$ 95,194	$ 100,985	0.65 %

(1) This is based on projected life. Typically, actual maturities 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, 2021, the Company sold 27 real estate securities for total proceeds of $111.8 million, recording realized gains of $2.5 million and realized losses of $3.0 million. For the three months ended March 31, 2020, the Company sold, directly or as a result of financing counterparty seizures, 229 real estate securities for total proceeds of $2.4 billion, with an additional $12.0 million of proceeds on six unsettled security sales, recording realized gains of $44.7 million and realized losses of $131.0 million.

4. Loans

Residential mortgage loans

For the three months ended March 31, 2021, the Company purchased Non-QM Loans with a gross aggregate unpaid principal balance and a gross acquisition fair value of $198.4 million and $208.5 million, respectively. A portion of these loans was purchased from Arc Home. See Note 10 for more detail.

For the three months ended March 31, 2021, the Company did not sell any residential mortgage loans. For the three months ended March 31, 2020, the Company sold one residential mortgage loan for total proceeds of $8.7 million, recording realized losses of $3.1 million.

The table below details information regarding the Company's residential mortgage loan portfolio as of March 31, 2021 and December 31, 2020 ($ in thousands):

				Gross Unrealized			Weighted Average		
As of	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon	Yield	Life (Years) (1)
Re- and Non-Performing Loans	$ 487,455	$ (66,657)	$ 420,798	$ 19,284	$ (6,430)	$ 433,652	3.37 %	5.89 %	7.09
Non-QM Loans	198,371	9,493	207,864	1,446	(3)	209,307	5.36 %	4.00 %	4.66
Total at March 31, 2021 (2)	$ 685,826	$ (57,164)	$ 628,662	$ 20,730	$ (6,433)	$ 642,959	3.96 %	5.27 %	6.39
December 31, 2020 (3)	$ 500,980	$ (69,007)	$ 431,973	$ 13,640	$ (10,172)	$ 435,441	3.58 %	5.69 %	6.67

(1) This is based on projected life. Typically, actual maturities are shorter than stated contractual maturities. Maturities are affected by the lives of the underlying mortgages, periodic payments of principal, and prepayments of principal.
(2) As of March 31, 2021, the Company's residential mortgage loan portfolio was comprised of 3,560 loans with original loan balances between $5.6 thousand and $3.4 million. Additionally, the Company had residential mortgage loans that were in the process of foreclosure with a fair value of $33.7 million.
(3) As of December 31, 2020, the Company's residential mortgage loan portfolio was comprised of 3,273 conventional loans with original loan balances between $5.6 thousand and $3.4 million. Additionally, the Company had residential mortgage loans that were in the process of foreclosure with a fair value of $37.1 million.

The table below details information regarding the Company's residential mortgage loans as of March 31, 2021 and December 31, 2020 (in thousands):

	March 31, 2021		December 31, 2020	
	Fair Value	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance
Non-QM Loans	$ 209,307	$ 198,371	$ —	$ —
Re-Performing	311,074	338,880	312,733	347,359
Non-Performing	114,224	130,067	113,976	134,129
Other (1)	8,354	18,508	8,732	19,492
	$ 642,959	$ 685,826	$ 435,441	$ 500,980

(1) Represents residual positions where the Company consolidates a securitization and the positions are recorded in the Company's consolidated balance sheets as residential mortgage loans. There may be limited data available regarding the underlying collateral of such securitizations.

The Company's residential mortgage loan portfolio consisted of mortgage loans on residential real estate located throughout the United States. The following is a summary of the geographic concentration of credit risk within the Company's residential mortgage loan portfolio as of March 31, 2021 and December 31, 2020, excluding any loans classified as Other above:

Geographic Concentration of Credit Risk	March 31, 2021	December 31, 2020
Percentage of fair value of mortgage loans secured by properties in the following states representing 5% or more of fair value:		
California	28 %	17 %
Florida	13 %	11 %
New York	10 %	10 %
New Jersey	5 %	6 %

The following is a summary of the changes in the accretable portion of discounts for the Company's re-performing and non-performing loan portfolios for the three months ended March 31, 2021 and March 31, 2020, which 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 (in thousands):

	Three Months Ended	
	March 31, 2021	March 31, 2020
Beginning Balance	$ 170,291	$ 168,877
Additions	—	129,017
Accretion	(6,122)	(8,428)
Reclassifications from/(to) non-accretable difference	9,881	(26,012)
Disposals	153	(343)
Ending Balance	$ 174,203	$ 263,111

Variable interest entities

The following table details certain information related to the assets and liabilities of the August 2019 VIE and September 2020 VIE as of March 31, 2021 and December 31, 2020 (in thousands):

	March 31, 2021	December 31, 2020
Assets		
Residential mortgage loans, at fair value	$ 425,158	$ 426,604
Restricted cash	2,106	2,110
Other assets	2,730	3,705
Total assets	$ 429,994	$ 432,419
Liabilities		
Financing arrangements	$ 28,004	$ 25,590
Securitized debt, at fair value	344,429	355,159
Other liabilities	510	519
Total liabilities	$ 372,943	$ 381,268

The following table details additional information regarding residential mortgage loans and securitized debt related to the August 2019 VIE and September 2020 VIE as of March 31, 2021 and December 31, 2020 ($ in thousands):

				Weighted Average		
As of:		**Current Unpaid Principal Balance**	**Fair Value**	**Coupon**	**Yield**	**Life (Years) (1)**
March 31, 2021						
August 2019 VIE	Residential mortgage loans	$ 232,384	$ 219,806	3.56 %	5.49 %	7.33
	Securitized debt	191,790	191,946	2.98 %	3.02 %	5.13
September 2020 VIE	Residential mortgage loans	$ 236,422	$ 205,352	4.18 %	4.93 %	5.99
	Securitized debt	152,063	152,483	2.98 %	2.98 %	1.33
December 31, 2020						
August 2019 VIE	Residential mortgage loans	$ 238,487	$ 222,282	3.79 %	5.44 %	6.86
	Securitized debt	197,955	196,338	2.97 %	3.01 %	5.20
September 2020 VIE	Residential mortgage loans	$ 242,859	$ 204,322	3.37 %	5.80 %	6.70
	Securitized debt	158,676	158,821	2.98 %	2.98 %	2.17

(1) This is based on projected life. Typically, actual maturities 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.

The holders of the securitized debt have no recourse to the general credit of the Company. The Company has no obligation to provide any other explicit or implicit support to the August 2019 VIE and September 2020 VIE.

Commercial loans

For the three months ended March 31, 2021, the Company sold two commercial loans for total proceeds of $74.3 million, recording realized losses of $2.9 million. For the three months ended March 31, 2020, the Company did not sell any commercial loans.

During the fourth quarter of 2020, the Company and the borrower of Loan L entered into a modification agreement which, among other things, required the borrower to pay previously deferred interest in full, deferred interest for the 12-month period following the modification, and required funding of capital reserves by the borrower. The loan was placed on non-accrual status upon modification and was on non-accrual status as of March 31, 2021 and December 31, 2020. As a result of the modification, the loan is classified as a troubled debt restructuring under GAAP.

The following tables present detail on the Company's commercial loan portfolio as of March 31, 2021 and December 31, 2020 ($ in thousands). The gross unrealized gains/(losses) columns in the tables below represent inception to date unrealized gains/(losses).

March 31, 2021

						Weighted Average					
Loan (1)(2)	**Current Face**	**Premium (Discount)**	**Amortized Cost**	**Gross Unrealized Losses**	**Fair Value (3)**	**Coupon (4)**	**Yield (5)**	**Life (Years) (6)**	**Extended Maturity Date (7)**	**Location**	**Collateral Type**
Loan K (8)	$ 17,220	$ —	$ 17,220	$ (500)	$ 16,720	10.00 %	10.79 %	1.02	February 22, 2024	NY	Hotel, Retail
Loan L (8)	51,000	(337)	50,663	(9,174)	41,489	N/A	N/A	3.36	July 22, 2024	IL	Hotel, Retail
	$ 68,220	$ (337)	$ 67,883	$ (9,674)	$ 58,209	2.52 %	3.10 %	2.77			

(1) The Company has the contractual right to receive a balloon payment for each loan.
(2) Refer to Note 12 "Commitments and Contingencies" for details on the Company's commitments on its Commercial Loans as of March 31, 2021.
(3) Fair value includes the value of unfunded commitments.
(4) Each commercial loan investment has a variable coupon rate.
(5) Yield includes any exit fees.
(6) Actual maturities may be shorter or longer than stated contractual maturities. Maturities are affected by prepayments of principal.
(7) Represents the maturity date of the last possible extension option.
(8) Loan K and Loan L are comprised of first mortgage and mezzanine loans.

December 31, 2020

						Weighted Average					
Loan (1)	**Current Face**	**Premium (Discount)**	**Amortized Cost**	**Gross Unrealized Losses**	**Fair Value (2)**	**Coupon (3)**	**Yield (4)**	**Life (Years) (5)**	**Extended Maturity Date (6)**	**Location**	**Collateral Type**
Commercial Loans, at fair value											
Loan G (7)	$ 59,451	$ —	$ 59,451	$ (3,940)	$ 55,511	5.27 %	5.27 %	1.54	July 9, 2022	CA	Condo, Retail, Hotel
Loan K (8)	15,787	—	15,787	(1,100)	14,687	10.00 %	10.83 %	1.27	February 22, 2024	NY	Hotel, Retail
Loan L (8)	51,000	(337)	50,663	(9,312)	41,351	N/A	N/A	3.61	July 22, 2024	IL	Hotel, Retail
	126,238	(337)	125,901	(14,352)	111,549	3.73 %	4.05 %	2.34			
Commercial Loans Held for Sale, at fair value											
Loan I (9)	15,929	(175)	15,754	(1,795)	13,959	11.50 %	12.23 %	2.22	February 9, 2023	MN	Office, Retail
Total	$ 142,167	$ (512)	$ 141,655	$ (16,147)	$ 125,508	4.60 %	4.96 %	2.33			

(1) The Company has the contractual right to receive a balloon payment for each loan.
(2) Fair value includes the value of unfunded commitments.
(3) Each commercial loan investment has a variable coupon rate.
(4) Yield includes any exit fees.
(5) Actual maturities may be shorter or longer than stated contractual maturities. Maturities are affected by prepayments of principal.
(6) Represents the maturity date of the last possible extension option.
(7) Loan G is a first mortgage loan.
(8) Loan K and Loan L are comprised of first mortgage and mezzanine loans.
(9) Loan I is a mezzanine loan.

5. Fair value measurements

As described in Note 2, the fair value of financial instruments 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, management determines fair value using third-party 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, and derivatives are based upon prices obtained from third-party pricing services, which are indicative of market activity. 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 determining the fair value of the Company's mortgage loans and securitized debt relating to the August 2019 VIE and the September 2020 VIE, the Company 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, loss severity, loan-to-value ratios, and recovery rates. 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 value established for mortgage loans held by the Company may differ from the fair value that would have been established if a ready market existed for these mortgage loans.

Management may also base its valuation on prices obtained from a third-party pricing service provider to assess and corroborate the valuation of a selection of investments in the Company’s loan portfolio and the Company's investment in Arc Home on a periodic basis. These third-party pricing 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.

The following table presents the Company’s financial instruments measured at fair value on a recurring basis as of March 31, 2021 (in thousands):

	Fair Value at March 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Agency RMBS:				
30 Year Fixed Rate	$ —	$ 915,423	$ —	$ 915,423
Credit Investments:				
Non-Agency RMBS (1)	—	14,449	1,641	16,090
Non-Agency RMBS Interest Only	—	281	—	281
CMBS (2)	—	41,665	—	41,665
CMBS Interest Only	—	4,173	—	4,173
Residential mortgage loans	—	2,220	640,739	642,959
Commercial loans	—	—	58,209	58,209
Excess mortgage servicing rights	—	—	3,000	3,000
Derivative assets (3)	—	28,722	—	28,722
AG Arc (4)	—	—	52,138	52,138
Total Assets Measured at Fair Value	$ —	$ 1,006,933	$ 755,727	$ 1,762,660
Liabilities:				
Securitized debt	$ —	$ —	$ (344,429)	$ (344,429)
Derivative liabilities (3)	—	(22)	—	(22)
Total Liabilities Measured at Fair Value	$ —	$ (22)	$ (344,429)	$ (344,451)

(1) Non-Agency RMBS is comprised of Prime, Alt-A/Subprime, Credit Risk Transfer, and Re/Non-Performing Securities.
(2) CMBS is comprised of Single-Asset/Single-Borrower and Freddie Mac K-Series CMBS.
(3) As of March 31, 2021, the Company applied a reduction in fair value of $28.7 million and $21.7 thousand to its interest rate swap assets and liabilities, respectively, related to variation margin with a corresponding increase or decrease in restricted cash, respectively. Refer to Note 2 and Note 7 for more information on the Company's accounting policies with regard to derivatives.
(4) Refer to Note 2 for more information on the Company's accounting policies with regard to cash equivalents, if applicable, and AG Arc. The table above includes the Company's investment in AG Arc, which is included in its "Investments in debt and equity of affiliates" line item on the consolidated balance sheets, as the Company has chosen to elect the fair value option with respect to its investment pursuant to ASC 825.

The following table presents the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2020 (in thousands):

	Fair value at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Agency RMBS:				
30 Year Fixed Rate	$ —	$ 518,352	$ —	$ 518,352
Credit Investments:				
Non-Agency RMBS (1)	—	35,070	3,100	38,170
Non-Agency RMBS Interest Only	—	236	—	236
CMBS (2)	—	52,485	—	52,485
CMBS Interest Only	—	4,303	—	4,303
Residential mortgage loans	—	2,134	433,307	435,441
Commercial loans	—	—	125,508	125,508
Excess mortgage servicing rights	—	—	3,158	3,158
Derivative assets (3)	—	1,356	—	1,356
AG Arc (4)	—	—	45,341	45,341
Total Assets Measured at Fair Value	$ —	$ 613,936	$ 610,414	$ 1,224,350
Liabilities:				
Securitized debt	$ —	$ —	$ (355,159)	$ (355,159)
Derivative liabilities (3)	—	(294)	—	(294)
Total Liabilities Measured at Fair Value	$ —	$ (294)	$ (355,159)	$ (355,453)

(1) Non-Agency RMBS is comprised of Prime, Alt-A/Subprime, Credit Risk Transfer, Non-US RMBS, and Re/Non-Performing Securities.
(2) CMBS is comprised of Conduit, Single-Asset/Single-Borrower, and Freddie Mac K-Series CMBS.
(3) As of December 31, 2020, the Company applied a reduction in fair value of $1.4 million and $0.2 million to its interest rate swap assets and liabilities, respectively, related to variation margin with a corresponding increase or decrease in restricted cash, respectively. Refer to Note 2 and Note 7 for more information on the Company's accounting policies with regard to derivatives.
(4) Refer to Note 2 for more information on the Company's accounting policies with regard to cash equivalents, if applicable, and AG Arc. The table above includes the Company's investment in AG Arc, which is included in its "Investments in debt and equity of affiliates" line item on the consolidated balance sheets, as the Company has chosen to elect the fair value option with respect to its investment pursuant to ASC 825.

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, 2021 and March 31, 2020.

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 and updates to the Company's leveling policy, which are detailed in Note 2. 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, 2021 (in thousands)

	Non-Agency RMBS	Residential Mortgage Loans	Commercial Loans	Excess Mortgage Servicing Rights	AG Arc	Securitized debt
Beginning balance	$ 3,100	$ 433,307	$ 125,508	$ 3,158	$ 45,341	$ (355,159)
Transfers (1):						
Transfers out of level 3	(1,499)	—	—	—	—	—
Purchases/Transfers	—	208,060	3,669	—	—	—
Proceeds from sales of assets	—	—	(74,342)	—	—	—
Proceeds from settlement	(32)	(12,294)	(195)	—	—	12,777
Total net gains/(losses) (2)						
Included in net income	72	11,666	3,569	(158)	6,797	(2,047)
Ending Balance	$ 1,641	$ 640,739	$ 58,209	$ 3,000	$ 52,138	$ (344,429)
Change in unrealized appreciation/(depreciation) for level 3 assets/liabilities still held as of March 31, 2021 (3)	$ 72	$ 11,761	$ 738	$ (158)	$ 6,797	$ (2,047)

(1) Transfers are assumed to occur at the beginning of the period. During the three months ended March 31, 2021, the Company transferred one Non-Agency RMBS 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	$ 18,306
Unrealized gain/(loss) on derivative and other instruments, net	(2,205)
Net realized gain/(loss)	(2,999)
Equity in earnings/(loss) from affiliates	6,797
Total	$ 19,899

(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	$ 12,571
Unrealized gain/(loss) on derivative and other instruments, net	(2,205)
Equity in earnings/(loss) from affiliates	6,797
Total	$ 17,163

Three Months Ended March 31, 2020 (in thousands)

	Non-Agency RMBS	Non-Agency RMBS Interest Only	CMBS	CMBS Interest Only	Residential Mortgage Loans	Commercial Loans	Excess Mortgage Servicing Rights	AG Arc	Securitized debt
Beginning balance	$ 630,115	$ 1,074	$ 366,566	$ 47,992	$ 417,785	$ 158,686	$ 17,775	$ 28,546	$ (72,415)
Transfers (1):									
Transfers into level 3	—	—	—	—	—	—	—	—	(151,933)
Transfers out of level 3	(210,709)	(1,074)	(170,816)	(22,054)	—	—	—	—	7,230
Purchases/Transfers	1,559	—	3,540	—	479,195	11,441	—	—	—
Proceeds from sales of assets and seizures of assets	(362,131)	—	(148,111)	(21,996)	(8,679)	—	—	—	—
Proceeds from settlement	(9,710)	—	(9,367)	—	(22,674)	—	—	—	5,706
Total net gains/(losses) (2)									
Included in net income	(43,591)	—	(41,812)	(3,942)	(98,667)	(12,076)	(3,709)	(10,027)	20,066
Ending Balance	$ 5,533	$ —	$ —	$ —	$ 766,960	$ 158,051	$ 14,066	$ 18,519	$ (191,346)
Change in unrealized appreciation/(depreciation) for level 3 assets/liabilities still held as of March 31, 2020 (3)	$ (554)	$ —	$ —	$ —	$ (95,655)	$ (12,076)	$ (3,701)	$ (10,027)	$ 20,066

(1) Transfers are assumed to occur at the beginning of the period. During the three months ended March 31, 2020, the Company transferred 50 Non-Agency RMBS, two Non-Agency RMBS Interest Only securities, 32 CMBS, 15 CMBS Interest Only securities, and one securitized debt security into the Level 2 category from the Level 3 category under the fair value hierarchy of ASC 820. During the three months ended March 31, 2020, the Company transferred one securitized debt security into the Level 3 category from the Level 2 category under the fair value hierarchy of ASC 820. Refer to Note 2 for more information on changes regarding the Company's leveling policy.

(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	$	(145,817)
Unrealized gain/(loss) on derivative and other instruments, net		16,357
Net realized gain/(loss)		(54,271)
Equity in earnings/(loss) from affiliates		(10,027)
Total	$	(193,758)
(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	$	(108,285)
Unrealized gain/(loss) on derivative and other instruments, net		16,365
Equity in earnings/(loss) from affiliates		(10,027)
Total	$	(101,947)

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, 2021 (in thousands)		Valuation Technique	Unobservable Input	Range (Weighted Average) (1)
Non-Agency RMBS	$	1,641	Discounted Cash Flow	Yield	8.56% - 8.56% (8.56%)
				Projected Collateral Prepayments	5.28% - 5.28% (5.28%)
				Projected Collateral Losses	4.13% - 4.13% (4.13%)
				Projected Collateral Severities	-25.91% - -25.91% (-25.91%)
Residential Mortgage Loans	$	480,759	Discounted Cash Flow	Yield	3.66% - 10.00% (5.36%)
				Projected Collateral Prepayments	4.34% - 16.78% (8.12%)
				Projected Collateral Losses	0.10% - 4.90% (2.02%)
				Projected Collateral Severities	-12.85% - 25.21% (12.95%)
	$	6,133	Consensus Pricing	Offered Quotes	83.57 - 109.77 (101.08)
	$	153,847	Recent Transaction	Cost	N/A
Commercial Loans	$	58,209	Discounted Cash Flow	Yield	11.22% - 42.08% (13.80%)
				Credit Spread	1,009 bps - 3,470 bps (1,234 bps)
				Recovery Percentage (2)	100.00% - 100.00% (100.00%)
				Loan-to-Value	46.10% - 91.60% (72.31%)
Excess Mortgage Servicing Rights	$	2,931	Discounted Cash Flow	Yield	9.00% - 9.69% (9.08%)
				Projected Collateral Prepayments	9.46% - 13.32% (10.33%)
	$	69	Consensus Pricing	Offered Quotes	0.22 - 0.22 (0.22)
AG Arc	$	52,138	Comparable Multiple	Book Value Multiple	1.06x - 1.06x (1.06x)

Liability Class	Fair Value at March 31, 2021 (in thousands)		Valuation Technique	Unobservable Input	Range (Weighted Average)
Securitized debt	$	(344,429)	Discounted Cash Flow	Yield	2.00% - 5.00% (2.74%)
				Projected Collateral Prepayments	5.48% - 7.91% (6.83%)
				Projected Collateral Losses	1.67% - 3.36% (2.42%)
				Projected Collateral Severities	8.90% - 16.31% (13.03%)

(1) Amounts are weighted based on fair value.
(2) Represents the proportion of the principal expected to be collected relative to the loan balances as of March 31, 2021.

Asset Class	Fair Value at December 31, 2020 (in thousands)		Valuation Technique	Unobservable Input	Range (Weighted Average) (1)
Non-Agency RMBS	$	1,601	Discounted Cash Flow	Yield	8.05% - 8.05% (8.05%)
				Projected Collateral Prepayments	5.46% - 5.46% (5.46%)
				Projected Collateral Losses	5.37% - 5.37% (5.37%)
				Projected Collateral Severities	-20.89% - -20.89% (-20.89%)
	$	1,499	Consensus Pricing	Offered Quotes	91.59 - 91.59 (91.59)
Residential Mortgage Loans	$	426,709	Discounted Cash Flow	Yield	4.50% - 10.00% (5.01%)
				Projected Collateral Prepayments	4.30% - 9.31% (7.28%)
				Projected Collateral Losses	1.66% - 5.75% (2.58%)
				Projected Collateral Severities	-9.29% - 49.43% (15.68%)
	$	6,598	Consensus Pricing	Offered Quotes	82.03 - 106.29 (99.96)
Commercial Loans	$	125,508	Discounted Cash Flow	Yield	10.95% - 39.54% (14.09%)
				Credit Spread	1,001 bps - 3,304 bps (1,279 bps)
				Recovery Percentage (2)	100.00% - 100.00% (100.00%)
				Loan-to-Value	43.60% - 97.50% (62.04%)
Excess Mortgage Servicing Rights	$	3,073	Discounted Cash Flow	Yield	9.00% - 9.70% (9.08%)
				Projected Collateral Prepayments	11.11% - 15.51% (12.49%)
	$	85	Consensus Pricing	Offered Quotes	0.25 - 0.25 (0.25)
AG Arc	$	45,341	Comparable Multiple	Book Value Multiple	1.05x - 1.05x (1.05x)

Liability Class	Fair Value at December 31, 2020 (in thousands)		Valuation Technique	Unobservable Input	Range (Weighted Average)
Securitized debt	$	(355,159)	Discounted Cash Flow	Yield	2.45% - 5.50% (2.98%)
				Projected Collateral Prepayments	5.90% - 8.20% (7.17%)
				Projected Collateral Losses	1.94% - 3.46% (2.62%)
				Projected Collateral Severities	12.70% - 20.03% (16.75%)

(1) Amounts are weighted based on fair value.
(2) Represents the proportion of the principal expected to be collected relative to the loan balances as of December 31, 2020.

As further described above, fair value 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 yields, 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, valuation analyses from third-party pricing 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. The valuations of commercial loans 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.

6. Financing arrangements

The following table presents a summary of the Company's financing arrangements as of March 31, 2021 and December 31, 2020 (in thousands).

	March 31, 2021						December 31, 2020
			Weighted Average		Collateral (1)(2)(3)		
	Carrying Value	Stated Maturity	Funding Cost	Life (Years)	Amortized Cost Basis	Fair Value	Carrying Value
Repurchase Agreements							
Agency RMBS	$ 874,612	Apr 2021	0.14 %	0.04	$ 944,627	$ 915,423	$ 435,893
Non-Agency RMBS	8,231	Apr 2021	1.84 %	0.03	10,100	14,751	14,550
CMBS	18,081	Apr 2021	2.29 %	0.02	35,419	29,439	24,881
Residential Mortgage Loans (4)(5)	205,326	Jun 2021 - Jan 2022	2.65 %	0.74	253,098	257,844	25,590
Total Repurchase Agreements	$ 1,106,250		0.65 %	0.17	$ 1,243,244	$ 1,217,457	$ 500,914
Revolving Facilities							
Commercial Loans (6)(7)(8)	$ 25,950	Aug 2023	3.23 %	2.36	$ 50,663	$ 41,489	$ 63,133
Total Financing Arrangements	$ 1,132,200		0.71 %	0.22	$ 1,293,907	$ 1,258,946	$ 564,047

(1) The Company also had $6.1 million of cash pledged under repurchase agreements as of March 31, 2021.
(2) Under the terms of the Company’s financing agreements, the Company's financing counterparties may, in certain cases, sell or re-hypothecate the pledged collateral.
(3) Amounts pledged as collateral under Residential Mortgage Loans include certain of the Company's retained interests in securitizations. Refer to Note 4 for more information on the August 2019 VIE and September 2020 VIE.
(4) The Company's Residential Mortgage Loan financing arrangements include a maximum uncommitted borrowing capacity of $250 million on a facility used to finance Non-QM Loans. Subsequent to quarter end, the Company amended this financing arrangement to increase the maximum uncommitted borrowing capacity to $400 million.
(5) The funding cost includes deferred financing costs. The stated rate on the Residential Mortgage Loans repurchase agreements was 2.58% as of March 31, 2021.
(6) The revolving facilities is interest only until maturity.
(7) The funding cost includes deferred financing costs. The stated rate on the Commercial Loans revolving facility was 2.19% as of March 31, 2021.
(8) The maximum uncommitted borrowing capacity on the commercial loan revolving facility is $100 million.

The following table presents contractual maturity information about the Company's borrowings under repurchase agreements and revolving facilities at March 31, 2021 (in thousands).

	Within 30 Days	Over 30 Days to 3 Months	Over 3 Months to 12 Months	Over 12 Months	Total
Repurchase Agreements					
Agency RMBS	$ 874,612	$ —	$ —	$ —	$ 874,612
Non-Agency RMBS	8,231	—	—	—	8,231
CMBS	18,081	—	—	—	18,081
Residential Mortgage Loans	—	28,004	177,322	—	205,326
Total Repurchase Agreements	$ 900,924	$ 28,004	$ 177,322	$ —	$ 1,106,250
Revolving Facilities					
Commercial Loans	$ —	$ —	$ —	$ 25,950	$ 25,950
Total Financing Arrangements	$ 900,924	$ 28,004	$ 177,322	$ 25,950	$ 1,132,200

Counterparties

The Company had exposure to five counterparties as of March 31, 2021 and December 31, 2020.

The following tables present information as of March 31, 2021 and December 31, 2020 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).

March 31, 2021

Counterparty	Stockholders' Equity at Risk	Weighted Average Maturity (days)	Percentage of Stockholders' Equity
Barclays Capital Inc.	$ 65,949	88	14.5 %
Credit Suisse AG, Cayman Islands Branch	29,000	54	6.4 %
BofA Securities, Inc.	24,308	14	5.3 %

December 31, 2020

Counterparty	Stockholders' Equity at Risk	Weighted Average Maturity (days)	Percentage of Stockholders' Equity
BofA Securities, Inc.	$ 28,091	19	6.9 %
Credit Suisse AG, Cayman Islands Branch	26,305	35	6.4 %
Barclays Capital Inc.	24,890	15	6.1 %

Financial Covenants

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 and liquidity, leverage ratios, and performance triggers. In addition, some of the financing arrangements contain cross default features, whereby default under an agreement with one lender simultaneously causes default under agreements with other lenders. To the extent that the Company fails to comply with the covenants contained in these financing arrangements or is otherwise found to be in default under the terms of such agreements, the counterparty has the right to accelerate amounts due under the associated agreement. Financings pursuant to repurchase agreements and revolving facilities are generally recourse to the Company. As of March 31, 2021, the Company is in compliance with all of its financial covenants.

7. Other assets and liabilities

The following table details certain information related to the Company's "Other assets" and "Other liabilities" line items on its consolidated balance sheet as of March 31, 2021 and December 31, 2020 (in thousands):

	March 31, 2021	December 31, 2020
Other assets		
Interest receivable	$ 4,206	$ 2,962
Other assets	4,321	5,538
Due from broker	395	907
Total Other assets	$ 8,922	$ 9,407
Other liabilities		
Interest payable	$ 776	$ 853
Derivative liabilities, at fair value	—	68
Due to affiliates (1)	3,346	14,041
Accrued expenses	2,692	2,521
Due to broker	1,061	1,272
Total Other liabilities	$ 7,875	$ 18,755

(1) Refer to Note 10 for more information.

Derivatives

The following table presents the fair value of the Company's derivatives and other instruments and their balance sheet location at March 31, 2021 and December 31, 2020 (in thousands).

Derivatives and Other Instruments (1)	Designation	Balance Sheet Location	March 31, 2021	December 31, 2020
Pay Fix/Receive Float Interest Rate Swap Agreements (1)	Non-Hedge	Other liabilities	$ —	$ (68)

(1) As of March 31, 2021, the Company applied a reduction in fair value of $28.7 million and $21.7 thousand to its interest rate swap assets and liabilities, respectively, related to variation margin with a corresponding increase or decrease in restricted cash, respectively. As of December 31, 2020, the Company applied a reduction in fair value of $1.4 million and $0.2 million to its interest rate swap assets and liabilities, respectively, related to variation margin with a corresponding increase or decrease in restricted cash, respectively.

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

Notional amount of non-hedge derivatives and other instruments:	Notional Currency	March 31, 2021	December 31, 2020
Pay Fix/Receive Float Interest Rate Swap Agreements	USD	$ 1,108,000	$ 417,000
Short positions on British Pound Futures (1)	GBP	—	3,313

(1) Each British Pound Future contract embodies £62,500 of notional value.

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

	Three Months Ended	
	March 31, 2021	March 31, 2020
Included within Unrealized gain/(loss) on derivative and other instruments, net		
Interest Rate Swaps	$ 28,420	$ (11,588)
Swaptions	—	(692)
British Pound Futures	64	(53)
Euro Futures	—	48
TBAs	—	392
	28,484	(11,893)
Included within Net realized gain/(loss)		
Interest Rate Swaps	—	(65,368)
Swaptions	—	(1,386)
British Pound Futures	(165)	664
Euro Futures	—	2
TBAs	—	4,218
	(165)	(61,870)
Total income/(loss)	$ 28,319	$ (73,763)

Derivative and other instruments eligible for offset are presented gross on the consolidated balance sheets as of March 31, 2021 and December 31, 2020, if applicable. The Company has not offset or netted any derivatives or other instruments with any financial instruments or cash collateral posted or received.

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, 2021, the Company's restricted cash balance included $31.7 million of collateral related to certain derivatives, of which $3.0 million represents cash collateral posted by the Company and $28.7 million represents amounts related to variation margin. As of December 31, 2020, the Company's restricted cash balance included $10.8 million of collateral related to certain derivatives, of which $9.7 million represents cash collateral posted by the Company and $1.1 million represents amounts related to variation margin.

Interest rate swaps

To help mitigate exposure to increases in interest rates, the Company may use currently-paying and forward-starting, one- or three-month LIBOR-indexed, pay-fixed, receive-variable, interest rate swap agreements. This arrangement hedges the Company's 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, 2021, the Company's interest rate swap positions consisted of pay-fixed interest rate swaps. The following table presents information about the Company's interest rate swaps as of March 31, 2021 ($ in thousands):

Maturity	Notional Amount	Weighted Average Pay-Fixed Rate	Weighted Average Receive-Variable Rate	Weighted Average Years to Maturity
2025	$ 296,000	0.39 %	0.22 %	4.51
2026	379,000	0.73 %	0.20 %	4.89
2028	160,000	1.09 %	0.19 %	6.88
2030	86,000	0.76 %	0.22 %	9.52
2031	187,000	1.38 %	0.20 %	9.88
Total/Wtd Avg	$ 1,108,000	0.80 %	0.20 %	6.28

As of December 31, 2020, the Company's interest rate swap positions consisted of pay-fixed interest rate swaps. The following table presents information about the Company's interest rate swaps as of December 31, 2020 ($ in thousands):

Maturity	Notional Amount	Weighted Average Pay-Fixed Rate	Weighted Average Receive-Variable Rate	Weighted Average Years to Maturity
2025	$ 296,000	0.39 %	0.23 %	4.76
2026	20,000	0.45 %	0.24 %	5.01
2030	86,000	0.76 %	0.23 %	9.77
2031	15,000	0.95 %	0.24 %	10.01
Total/Wtd Avg	$ 417,000	0.49 %	0.23 %	5.99

TBAs

The Company did not hold any TBA positions for the three months ended March 31, 2021. The following tables present information about the Company's TBAs for the three months ended March 31, 2020 (in thousands):

		For the Three Months Ended:							
		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
March 31, 2020	TBAs - Long	$ —	$ 728,000	$ (728,000)	$ —	$ —	$ 392	$ 2,740	$ (2,348)

8. 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.

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, 2021 and March 31, 2020 (in thousands, except per share data):

	Three Months Ended	
	March 31, 2021	March 31, 2020
Numerator:		
Net Income/(Loss) from Continuing Operations	$ 43,249	$ (485,017)
Gain on Exchange Offers, net (Note 11)	358	—
Dividends on preferred stock	(4,924)	(5,667)
Net income/(loss) available to common stockholders	$ 38,683	$ (490,684)
Denominator:		
Basic weighted average common shares outstanding	42,348	32,749
Diluted weighted average common shares outstanding (1)	42,348	32,749
Earnings/(Loss) Per Share - Basic		
Total Earnings/(Loss) Per Share of Common Stock	$ 0.91	$ (14.98)
Earnings/(Loss) Per Share - Diluted		
Total Earnings/(Loss) Per Share of Common Stock	$ 0.91	$ (14.98)

(1) Manager restricted stock units of 17.6 thousand were excluded from the computation of diluted earnings per share because its effect would be anti-dilutive for the three months ended March 31, 2020.

Restricted stock units issued 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 Company had no unvested restricted stock units as of March 31, 2021 and December 31, 2020, respectively.

The following table details the Company's common stock dividends declared during the three months ended March 31, 2021:

2021

Declaration Date	Record Date	Payment Date	Cash Dividend Per Share
3/22/2021	4/1/2021	4/30/2021	$ 0.06

The Company did not declare any common stock dividends during the three months ended March 31, 2020.

The following tables detail the Company's preferred stock dividends declared and paid during the three months ended March 31, 2021 and March 31, 2020:

2021

			Cash Dividend Per Share		
Declaration Date	Record Date	Payment Date	8.25% Series A	8.00% Series B	8.000% Series C
2/16/2021	2/26/2021	3/17/2021	$ 0.51563	$ 0.50	$ 0.50

2020

			Cash Dividend Per Share		
Declaration Date	Record Date	Payment Date	8.25% Series A	8.00% Series B	8.000% Series C
2/14/2020	2/28/2020	3/17/2020	$ 0.51563	$ 0.50	$ 0.50

9. 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.

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. For the three months ended March 31, 2021, the Company did not record any excise tax expense. For the three months ended March 31, 2020, the Company recorded excise tax expense of $(0.8) million. The reversal of the previously accrued excise tax expense during the three months ended March 31, 2020 was a result of losses resulting from market conditions associated with the COVID-19 pandemic.

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.

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, 2021. 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.

10. Related party transactions

Manager

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. 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. Below is a description of the fees and reimbursements provided in the management agreements.

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, 2021 and 2020, the Company incurred management fees of approximately $1.7 million and $2.1 million, respectively. As of March 31, 2021 and December 31, 2020, the Company recorded management fees payable of $1.7 million.

On April 6, 2020, the Company and the Manager executed an amendment to the management agreement pursuant to which the

Manager agreed to defer the Company's payment of the management fee effective the first quarter of 2020 through September 30, 2020.

On September 24, 2020, the Company and the Manager executed another amendment (the "Second Management Agreement Amendment") to the management agreement, pursuant to which the Manager agreed to receive a portion of the deferred base management fee in shares of common stock. Pursuant to the Second Management Agreement Amendment, the Manager agreed to purchase (i) 1,215,370 shares of common stock in full satisfaction of the deferred base management fee of $3.8 million payable by the Company in respect to the first and second quarters of 2020 and (ii) 154,500 shares of common stock in satisfaction of $0.5 million of the base management fee payable by the Company in respect to the third quarter of 2020. The shares of common stock issued to the Manager were valued at $3.15 per share based on the midpoint of the estimated range of the Company’s book value per share as of August 31, 2020. The remaining third quarter 2020 management fee was paid in the normal course of business.

Termination fee

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 by the Company of any material term of the management agreement, the Manager will be entitled to a termination fee 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, 2021 and December 31, 2020, 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 $4.0 million and $0.9 million of Other operating expenses for the three months ended March 31, 2021 and 2020, respectively, the Company has incurred $1.5 million and $2.0 million, respectively, representing a reimbursement of expenses. As of March 31, 2021 and December 31, 2020, the Company recorded a reimbursement payable to the Manager of $1.5 million and $1.8 million, respectively. For the year ended December 31, 2021, the Manager agreed to waive its right to receive expense reimbursements of $0.8 million.

On April 6, 2020, the Company executed an amendment to the management agreement pursuant to which the Manager agreed to defer the reimbursement of expenses, effective the first quarter of 2020 through September 30, 2020. All deferred expense reimbursements were paid as of September 30, 2020.

Secured debt

On April 10, 2020, in connection with the first Forbearance Agreement, the Company issued a secured promissory note (the "Note") to the Manager evidencing a $10 million loan made by the Manager to the Company. Additionally, on April 27, 2020, in connection with the second Forbearance Agreement, the Company and the Manager entered into an amendment to the Note to reflect an additional $10 million loan by the Manager to the Company. The $10 million loan made by the Manager on April 10, 2020 was repaid in full with interest when it matured on March 31, 2021 and the $10 million loan made on April 27, 2020 was repaid in full with interest when it matured on July 27, 2020. The unpaid balance of the Note accrued interest at a rate of 6.0% per annum. Interest on the Note was payable monthly in kind through the addition of such accrued monthly interest to the outstanding principal balance of the Note. The Note and accrued interest on the Note, when outstanding, were included within the due to affiliates amount, which is included within the "Other Liabilities" line item in the consolidated balance sheets. See Note 7 for a breakout of the "Other liabilities" line item.

Restricted stock grants

Effective on April 15, 2020 upon the approval of the Company's stockholders at its 2020 annual meeting of stockholders, the 2020 Equity Incentive Plan provides for 2,000,000 shares of common stock to be issued. The maximum number of shares of common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during any fiscal year, shall not exceed $300,000 in total value (calculating the value of any such awards based on the grant date fair value). As of March 31, 2021, 1,857,350 shares of common stock were available to be awarded under the Equity Incentive Plan.

Since its IPO, the Company has granted an aggregate of 105,794 and 142,650 shares of restricted common stock to its independent directors under its equity incentive plans, dated July 6, 2011 (the "2011 Equity Incentive Plans") and its 2020 Equity Incentive Plan, respectively. As of March 31, 2021, all shares of restricted common stock granted to its independent directors have vested. Further, since its IPO, the Company has issued 40,250 shares of restricted common stock and 120,000 restricted stock units to its Manager under the 2011 Equity Incentive Plans. As of July 1, 2020, all shares of restricted common stock and restricted stock units granted to its Manager have fully vested.

Director compensation

Beginning January 1, 2021, the annual base director's fee for each independent director decreased from $160,000 to $150,000, $70,000 of which is payable on a quarterly basis in cash and $80,000 of which is payable on a quarterly basis in shares of 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. As of March 31, 2021, the Company's Board of Directors consisted of four independent directors.

Pursuant to the Forbearance Agreement previously discussed, the Company, among other things, agreed to compensate its independent directors solely with common stock for the quarter ended March 31, 2020.

Investments in debt and equity of affiliates

The Company invests in credit sensitive residential 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, 2021 and December 31, 2020 and the net income/(loss) generated by these investments for the three months ended March 31, 2021 and 2020.

The Company's investment in AG Arc is reflected within the "Investments in debt and equity of affiliates" line item on its consolidated balance sheets. The Company has an approximate 44.6% interest in AG Arc. See Note 2 for the fair value of AG Arc as of March 31, 2021 and December 31, 2020.

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 us, 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, 2021 and December 31, 2020, these Excess MSRs had a fair value of approximately $3.3 million and $3.5 million, respectively. See below "Transactions with affiliates" for details regarding the sale of a portion of the Company's Excess MSRs during the third quarter of 2020.

During 2020, Arc Home began selling Non-QM Loans to a private fund under the management of Angelo Gordon. Arc Home sold Non-QM Loans with an unpaid principal balance of $76.8 million to this affiliate of the Manager during the three months ended March 31, 2021.

For the three months ended March 31, 2021, Arc Home sold Non-QM Loans with an unpaid principal balance of $57.7 million to the Company. See "Transactions with affiliates" below for details regarding sales of Non-QM Loans from Arc Home to the Company during the first quarter of 2021.

On April 3, 2020, the Company, alongside private funds under the management of Angelo Gordon, restructured its financing arrangements in MATT ("Restructured Financing Arrangement"). The Restructured Financing Arrangement requires all principal and interest on the underlying assets in MATT be used to pay down principal and interest on the outstanding financing arrangement. As of April 3, 2020, the Restructured Financing Arrangement was no longer a mark-to-market facility with respect to margin calls and was non-recourse to the Company. The Restructured Financing Arrangement provided for a termination date of October 1, 2021. At the earlier of the termination date or the securitization or sale by the Company of the remaining assets subject to the Restructured Financing Arrangement, the financing counterparty (which is a non-affiliate) was entitled to 35% of the remaining equity in the assets. The Company evaluated this restructuring and concluded it was an extinguishment of debt. MATT chose to make a fair value election on this financing arrangement and the Company treated this arrangement consistently with this election.

On January 29, 2021, the Company, alongside private funds under the management of Angelo Gordon, entered into an amendment with respect to its Restructured Financing Arrangement in MATT. The amendment serves to convert the existing financing to a mark-to-market facility that is recourse to the Company and the private funds managed by Angelo Gordon that invest in MATT up to the below mentioned commitment from MATH to MATT. Upon amending the agreement, the Company settled the premium recapture fee with the financing counterparty.
On January 29, 2021, the Company alongside private funds under the management of Angelo Gordon, entered into an amendment to the MATH LLC Agreement, which requires MATH to fund a capital commitment of $50.0 million to MATT. The Company, through its investment in MATH, is responsible for its pro-rata share of the capital commitment. Refer to Note 12 for additional information.

The Company's investment in LOTS require it to fund various commitments in connection with the origination of Land Related Financing. Refer to Note 12 for additional information. The Company has an approximate 47.5% and 50% interest in LOTS I and LOTS II, respectively.

Transactions with affiliates

In connection with the Company’s investments in residential mortgage loans, residential mortgage loans in securitized form which are issued by an entity in which the Company holds an equity interest in and which are held alongside other private funds under the management of Angelo Gordon (the "Re/Non-Performing Loans") and Non-QM Loans, the Company engages asset managers to provide advisory, consultation, asset management and other services. Beginning in November 2015, the Company also 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 Re/Non-Performing Loans. Beginning in September 2019, the Company engaged the Asset Manager as the asset manager for its Non-QM Loans. The Company pays the Asset Manager separate arm’s-length asset management fees as assessed and confirmed periodically by a third-party valuation firm for its Re/Non-Performing Loans and Non-QM Loans. In the third quarter of 2019, the third-party assessment of asset management fees resulted in the Company updating the fee amount for its Re/Non-Performing Loans. The Company also utilized the third-party valuation firm to establish the fee level for Non-QM Loans in the third quarter of 2019. The fees paid by the Company to the Asset Manager totaled $0.6 million and $0.3 million for the three months ended March 31, 2021 and 2020, respectively. For the three months ended March 31, 2020, the Company deferred $0.1 million of fees owed to the Asset Manager, which were subsequently paid on September 30, 2020. These fees include amounts paid directly by the Company and amounts paid by trustees in securitizations that the Company owns residual interests.

In connection with the Company’s investments in Excess MSRs purchased through Arc Home, the Company pays an administrative fee to Arc Home. The administrative fees paid by the Company to Arc Home totaled $11.1 thousand and $0.1 million for the three months ended March 31, 2021 and 2020, respectively.

In February 2020, the Company, alongside private funds under the management of Angelo Gordon, participated through its unconsolidated ownership interest in MATT in a rated Non-QM Loan securitization, in which Non-QM Loans with a fair value of $348.2 million were securitized. Certain senior tranches in the securitization were sold to third parties with the Company and private funds under the management of Angelo Gordon retaining the subordinate tranches, which had a fair value of $26.6 million as of March 31, 2020. The Company has a 44.6% interest in the retained subordinate tranches.

In July 2020, in accordance with the Company’s Affiliated Transactions Policy, the Company sold certain real estate securities to an affiliate of the Manager (the "July 2020 Acquiring Affiliate"). As of the date of the transaction, the real estate securities sold to the July 2020 Acquiring Affiliate had a total fair value of $1.9 million. The July 2020 Acquiring Affiliate purchased the real estate securities by submitting an offer to purchase the securities from the Company in a competitive bidding process. This allowed the Company to confirm third-party market pricing and best execution.

In August 2020, the Company, alongside private funds under the management of Angelo Gordon, participated through its unconsolidated ownership interest in MATT in a rated Non-QM Loan securitization, in which Non-QM Loans with a fair value of $226.0 million were securitized. Certain senior tranches in the securitization were sold to third parties with the Company and private funds under the management of Angelo Gordon retaining the subordinate tranches, which had a fair value of $24.3 million as of September 30, 2020. The Company has a 44.6% interest in the retained subordinate tranches.

In August 2020, the Company, alongside private funds under the management of Angelo Gordon, sold its Ginnie Mae Excess MSR portfolio to Arc Home for total proceeds of $18.9 million. The portfolio had a total unpaid principal balance of $3.5 billion. The Company's share of the total proceeds approximated $8.5 million, representing its approximate 45% ownership interest. Arc Home subsequently sold its Ginnie Mae MSR portfolio to a third party.

In October 2020, in accordance with the Company’s Affiliated Transactions Policy, the Company acquired certain real estate securities and Excess MSRs from an affiliate of the Manager (the "October 2020 Selling Affiliate"). As of the date of the transaction, the real estate securities and Excess MSRs acquired from the October 2020 Selling Affiliate had a total fair value of $0.5 million and $20.0 thousand, respectively. 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 third-party pricing vendors. The third-party pricing vendors allowed the Company to confirm third-party market pricing and best execution.

During the first quarter of 2021, the Company purchased Non-QM Loans from Arc Home with an underlying unpaid principal balance and fair value of $57.7 million and $59.2 million, respectively.

In March 2021, in accordance with the Company’s Affiliated Transactions Policy, the Company sold certain real estate securities to an affiliate of the Manager (the "March 2021 Acquiring Affiliate"). As of the date of the transaction, the real estate securities sold to the March 2021 Acquiring Affiliate had a total fair value of $6.9 million. The March 2021 Acquiring Affiliate purchased the real estate securities by submitting an offer to purchase the securities from the Company in a competitive bidding process. This allowed the Company to confirm third-party market pricing and best execution.

11. Equity

Stock repurchase programs

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 the Company's 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, 2021 and 2020 and approximately $14.6 million of common stock remained authorized for future share repurchases under the Repurchase Program.

On February 22, 2021, the Company's Board of Directors authorized a stock repurchase program (the "Preferred Repurchase Program") pursuant to which the Company's Board of Directors granted a repurchase authorization to acquire shares of its 8.25% Series A Cumulative Redeemable Preferred Stock, its 8.00% Series B Cumulative Redeemable Preferred Stock, and its 8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock having an aggregate value of up to $20 million. No shares were repurchased under the Repurchase Program during the three months ended March 31, 2021.

Equity distribution agreements

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 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, described below. For the three months ended March 31, 2021, the Company issued 2.2 million shares of common stock under the Equity Distribution Agreements for net proceeds of approximately $10.0 million. For the three months ended March 31, 2020, the Company did not issue any shares of common stock under the Equity Distribution Agreements. Since inception of the program, the Company has issued approximately 5.8 million shares of common stock under the Equity Distribution Agreements for gross proceeds of $45.0 million.

Shelf registration statement

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"). The 2018 Registration Statement became effective on May 18, 2018 and will expire on May 18, 2021.

Preferred stock

The Company’s Series A Preferred Stock, Series B Preferred Stock, and Series C 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 Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock are convertible to shares of the Company’s common stock. Holders of the Company’s Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock have no voting rights, except under limited conditions, and holders are entitled to receive cumulative cash dividends at the respective stated rate per annum before holders of the common stock are entitled to receive any cash dividends. The dividend rate of the Series A Preferred Stock and Series B Preferred Stock is 8.25% and 8.00% per annum, respectively, of the $25.00 per share liquidation preference. The initial dividend rate for the Series C Preferred Stock, from and including the date of original issue to, but not including, September 17, 2024, is 8.000% per annum of the $25.00 per share liquidation preference. On and after September 17, 2024, dividends on the Series C Preferred Stock will accumulate at a percentage of the $25.00 liquidation preference equal to an annual floating rate of the then three-month LIBOR plus a spread of 6.476% per annum. Shares of the Company’s Series A Preferred Stock 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. Shares of the Company's Series C Preferred Stock are redeemable at $25.00 per share plus accumulated and unpaid dividends (whether or not declared) exclusively at the Company’s option commencing on September 17, 2024, or earlier under certain circumstances intended to preserve its qualification as a REIT for Federal income tax purposes. Dividends are payable quarterly in arrears on the 17th day of each March, June, September and December. The Company's Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock generally do not have any voting rights, subject to an exception in the event the Company fails to pay dividends on such stock for six or more quarterly periods (whether or not consecutive). Under such circumstances, holders of the Company's Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock voting together as a single class with the holders of all other classes or series of its preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Company's Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock will be entitled to vote to elect two additional directors to the Company’s Board of Directors until all unpaid dividends have been paid or declared and set apart for payment. In addition, certain material and adverse changes to the terms of any series of the Company's Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock cannot be made without the affirmative vote of holders of at least two-thirds of the outstanding shares of the series of the Company's Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock whose terms are being changed.

Dividends

On March 27, 2020, the Company announced that its Board of Directors approved a suspension of the Company's quarterly dividends on its 8.25% Series A Cumulative Redeemable Preferred Stock, 8.00% Series B Cumulative Redeemable Preferred Stock, and 8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, beginning with the preferred dividend that would have been declared in May 2020, in order to conserve capital and improve its liquidity position during the market volatility due to the COVID-19 pandemic as well as a suspension of the quarterly dividend on the common stock, beginning with the dividend that normally would have been declared in March 2020. Under the terms of the Company's charter governing its series of preferred stock, the Company cannot pay cash dividends with respect to its common stock if dividends on its preferred stock are in arrears.

On December 17, 2020, the Company paid its Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock dividends that were in arrears as well as the full dividends payable on the preferred stock for the fourth quarter of 2020 in the amount of $1.54689, $1.50, and $1.50 per share, respectively. On December 22, 2020, the Company's Board of Directors declared a dividend of $0.03 per common share for the fourth quarter 2020 which was paid on January 29, 2021 to shareholders of record at the close of business on December 31, 2020. During the first quarter of 2021, the Company declared its preferred and common dividends in ordinary course. Refer to Note 8 for more information on dividends declared during the period.

Exchange offers

On August 14, 2020, the Company announced the commencement of an offer to exchange newly issued shares of common stock for up to 250,470 shares of its Series A Preferred Stock, up to 556,600 shares of its Series B Preferred Stock, and up to 556,600 shares of its Series C Preferred Stock. This offer had an expiration date of September 11, 2020. Based on the final count provided by the Exchange Agent, American Stock Transfer & Trust Company, LLC, a total of 42,820 shares of Series A Preferred Stock, 31,085 Series B Preferred Stock and 29,355 Series C Preferred Stock were validly tendered and not properly withdrawn prior to the expiration of the offer. The Company accepted all such 103,260 validly tendered shares of preferred stock, and issued in exchange a total of 516,300 shares of common stock in reliance upon the exemption from registration provided under Section 3(a)(9) of the Securities Act of 1933, as amended.

On September 30, 2020, the Company agreed to issue an aggregate of 3,679,634 shares of its common stock and agreed to pay aggregate cash consideration of $6.3 million in exchange for 210,662 shares of Series A Preferred Stock, 404,187 shares of Series B Preferred Stock, and 427,467 shares of Series C Preferred Stock, pursuant to a privately negotiated exchange agreement with existing holders of the preferred stock. After the transaction closed, the Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock exchanged pursuant to the exchange agreement were reclassified as authorized but unissued shares of preferred stock without designation as to class or series.

On October 2, 2020, the Company agreed to issue an aggregate of 900,000 shares of its common stock and agreed to pay aggregate cash consideration of $1.7 million in exchange for 260,000 shares of Series C Preferred Stock, pursuant to a privately negotiated exchange agreement with existing holders of the Series C Preferred Stock. After the transaction closed, the Series C Preferred Stock exchanged pursuant to the exchange agreement were reclassified as authorized but unissued shares of preferred stock without designation as to class or series.

On March 17, 2021, the Company agreed to issue an aggregate of 2,812,388 shares of its common stock in exchange for 153,325 shares of Series A Preferred Stock and 350,609 shares of Series B Preferred Stock, pursuant to a privately negotiated exchange agreement with existing holders of the preferred stock. After the transaction closed, the Series A Preferred Stock and Series B Preferred Stock exchanged pursuant to the exchange agreement were reclassified as authorized but unissued shares of preferred stock without designation as to class or series.

As of March 31, 2021, the Company had outstanding 1,663,193 shares of Series A Preferred Stock, 3,814,119 shares of Series B Preferred Stock, and 3,883,178 shares of Series C Preferred Stock.

Common stock issuance to the Manager

On September 24, 2020, the Company issued (i) 1,215,370 shares of common stock to the Manager in full satisfaction of the deferred base management fee of $3.8 million payable by the Company in respect to the first and second quarters of 2020 and (ii) 154,500 shares of common stock in satisfaction of $0.5 million of the base management fee payable by the Company in respect to the third quarter of 2020. The shares of Common Stock issued to the Manager were valued at $3.15 per share based on the midpoint of the estimated range of the Company’s book value per share as of August 31, 2020. The remaining third quarter management fee was paid in the normal course of business. Refer to Note 10 for more information on this transaction.

12. 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. As of March 31, 2021, other than as set forth below, the Company was not involved in any material legal proceedings.

On March 25, 2020, certain of the Company's subsidiaries filed a suit in federal district court in New York seeking to enjoin Royal Bank of Canada and one of its affiliates ("RBC") from selling certain assets that the Company had on repo with RBC and seeking damages (*AG MIT CMO et al. v. RBC (Barbados) Trading Corp. et al., 20-cv-2547, U.S. District Court, Southern District of New York)*. On March 31, 2020, the Company withdrew, as moot, its request for injunctive relief in the complaint based on the court's ruling on March 25, 2020 relating to the sale at issue. As previously disclosed in a Form 8-K filed with the SEC on June 2, 2020, the Company entered into a settlement agreement with RBC on May 28, 2020, pursuant to which the Company and RBC mutually released each other from further claims related to the repurchase agreements at issue. As part of the settlement, and to resolve all claims by either party under the repurchase agreements, the Company paid RBC $5.0 million in cash and issued to RBC a secured promissory note in the principal amount of $2.0 million. On June 11, 2020, the Company repaid the secured promissory note due to RBC in full. The Company recognized this settlement in the "Net realized gain/(loss)" line item on the consolidated statement of operations in the second quarter of 2020. As a result, the Company has satisfied all of its payment obligations to RBC under the settlement agreement and promissory note, and, as previously reported, the federal lawsuit has been voluntarily dismissed with prejudice.

For the year ended December 31, 2020, the Company recorded a loss of $11.6 million related to deficiencies asserted by other counterparties. The Company recognized these losses in the "Net realized gain/(loss)" line item on the consolidated statement of operations. As of August 2020, MITT resolved and settled all deficiency claims with lenders.

The below table details the Company's outstanding commitments as of March 31, 2021 (in thousands):

Commitment type	Date of Commitment	Total Commitment	Funded Commitment	Remaining Commitment
Commercial loan K (a)	February 22, 2019	$ 20,000	$ 17,220	$ 2,780
LOTS (b)	Various	32,345	20,604	11,741
MATH (b)	January 29, 2021	22,295	—	22,295
Total		$ 74,640	$ 37,824	$ 36,816

(a) The Company entered into commitments on commercial loans relating to construction projects. See Note 4 for further details.
(b) Refer to Note 10 "Investments in debt and equity of affiliates" for more information regarding LOTS and MATH.

13. Subsequent Events

Subsequent to quarter end, the Company purchased $154.2 million of Non-QM Loans, inclusive of $47.3 million which were purchased from Arc Home. The Company also amended or entered into financing arrangements to increase the maximum uncommitted borrowing capacity to finance Non-QM Loans to $800 million.

On April 20, 2021, in accordance with the Company’s Affiliated Transactions Policy, the Company sold certain CMBS to an affiliate of the Manager. As of the date of the transaction, the real estate securities sold to the affiliate had a total fair value of $16.8 million.

On May 5, 2021, the Company, alongside private funds under the management of Angelo Gordon, participated through its unconsolidated ownership interest in MATT in a rated Non-QM Loan securitization, in which Non-QM Loans with a fair value of $171.4 million were securitized. Certain senior tranches in the securitization were sold to third parties with the Company and private funds under the management of Angelo Gordon retaining the subordinate tranches. Subsequent to this transaction, MATT had securitized all Non-QM Loans previously acquired and its remaining portfolio consisted of the subordinate tranches retained from this securitization and past securitizations. During the current year, the Company has begun acquiring Non-QM Loans directly which are recorded in the "Residential mortgage loans, at fair value" line item on the consolidated balance sheets.

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, 2020, and any subsequent filings.

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, yields, 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, and the impact of the novel coronavirus ("COVID-19"). 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, without limitation:

- the uncertainty and economic impact of the COVID-19 pandemic and of responsive measures implemented by various governmental authorities, businesses and other third parties;
- changes in our business and investment strategy;
- our ability to predict and control costs;
- changes in interest rates and the fair value of our assets, including negative changes resulting in margin calls relating to the financing of our assets;
- changes in the yield curve;
- changes in prepayment rates on the loans we own or that underlie our investment securities;
- increased rates of default or delinquencies and/or decreased recovery rates on our assets;
- our ability to obtain and maintain financing arrangements on terms favorable to us or at all;
- changes in general economic conditions, in our industry and in the finance and real estate markets, including the impact on the value of our assets;
- conditions in the market for Residential Investments, Agency RMBS, and Commercial Investments;
- legislative and regulatory actions by the U.S. Congress, U.S. Department of the Treasury, the Federal Reserve and other agencies and instrumentalities in response to the economic effects of the COVID-19 pandemic;
- the forbearance program included in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act");
- our ability to make distributions to our stockholders in the future;
- our ability to maintain our qualification as a REIT for federal tax purposes; and
- our ability to qualify for an exemption from registration under the Investment Company Act of 1940, as amended.

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, 2020 and any subsequent filings. 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.

Special Note Regarding COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus ("COVID-19") a pandemic. On March 13, 2020, the U.S. declared a national emergency concerning the COVID-19 pandemic, and several states and municipalities have subsequently declared public health emergencies. These conditions have caused, and may continue to cause, a significant disruption in the U.S. and world economies.

Beginning in mid-March 2020, the global pandemic associated with COVID-19 and related economic conditions caused financial and mortgage-related asset markets to come under extreme duress, resulting in credit spread widening, a sharp decrease in interest rates and unprecedented illiquidity in repurchase agreement financing and MBS markets. The illiquidity was exacerbated by inadequate demand for MBS among primary dealers due to balance sheet constraints. These events, in turn, resulted in falling prices of our assets and increased margin calls from our repurchase agreement counterparties. To conserve capital, protect assets and to pause the escalating negative impacts caused by the market dislocation and allow the markets for many of our assets to stabilize, in April 2020, we entered into forbearance agreements with our repurchase agreement counterparties, which we subsequently exited on June 10, 2020 pursuant to a reinstatement agreement. These agreements are detailed in the "Financing activities–Forbearance and Reinstatement Agreements" section below.

In an effort to manage our portfolio through this unprecedented turmoil in the financial markets, to improve liquidity, and preserve capital, we reduced the size of our investment portfolio on a GAAP and non-GAAP basis by $2.9 billion and $3.0 billion, respectively, during 2020 through sales, either directly or as a result of financing counterparty seizures. During 2020, we also reduced our corresponding financing arrangement balance on a GAAP and non-GAAP basis by $2.7 billion and $2.8 billion, respectively. In doing so, we recognized a significant amount of realized and unrealized losses which were due directly to the disruptions of the financial markets caused by the COVID-19 pandemic.

We do not yet know the full extent of the effects of the COVID-19 pandemic on our business, operations, personnel, or the U.S. economy as a whole. We cannot predict future developments, including the scope and duration of the pandemic, the effectiveness of our work from home arrangements, third-party providers' ability to support our operations, the nature and effect of any actions taken by governmental authorities and other third parties in response to the pandemic, and the other factors discussed throughout this report. Future developments with respect to the COVID-19 pandemic and the actions taken to reduce its spread could continue to materially and adversely affect our business, operations, operating results, financial condition, liquidity or capital levels.

Executive Summary

During the first quarter of 2021, we focused our efforts on continuing to grow our diversified risk-adjusted portfolio of Residential Credit Investments and Agency RMBS. In doing so, our primary focus is to invest in residential mortgage loans with the intent to securitize these assets as market conditions permit. During the quarter, we continued to grow the Non-QM Loans composition of our investment portfolio by purchasing loans from third parties as well as Arc Home. We also continued to invest in Agency RMBS while reallocating capital from our Commercial Investments and Non-Agency RMBS portfolios into the residential mortgage market. The information presented below provides a summary of investment and capital activity during the current quarter:

Investment Activity

- Purchased $208.5 million of Non-QM Loans, $59.2 million of which were purchased from Arc Home, a licensed mortgage originator we invest in alongside other Angelo Gordon funds;
    - During the quarter we amended certain financing arrangements to include a maximum uncommitted borrowing capacity to finance the acquisition of Non-QM Loans;
    - Subsequent to quarter end, we purchased an additional $154.2 million of Non-QM Loans, inclusive of $47.3 million which were purchased from Arc Home, while also increasing our maximum uncommitted borrowing capacity under certain financing arrangements to support our continued growth within the Non-QM Loan market;
- Purchased 30 Year Fixed Rate positions, increasing our Agency RMBS portfolio to $915.4 million;
- Sold two commercial real estate loans for total proceeds of $74.3 million, releasing unfunded commitments of approximately $28.8 million as of December 31, 2020; and
- Sold several Non-Agency RMBS and CMBS positions for total proceeds of $40.4 million.

Capital Activity

- Utilized our ATM program to issue 2.2 million shares of common stock, raising net proceeds of approximately $10.0 million; and
- Entered into a privately negotiated exchange offer with existing holders of the preferred stock, issuing 2.8 million shares of common stock in exchange for 0.5 million shares of preferred stock.

Our company

We are a hybrid mortgage REIT that opportunistically invests in a diversified risk adjusted portfolio of Credit Investments and Agency RMBS. Our Credit Investments include Residential Investments and Commercial 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 ("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, with the exception of our domestic taxable REIT subsidiaries ("TRS"). 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 investment portfolio

Our investment portfolio is comprised of our Credit Investments and Agency RMBS. Our Credit Investments include Residential Investments and Commercial Investments. These investments are described in more detail below.

Credit Investments

Residential Investments

Our Residential Investments include:

- Non-QM Loans, which include:
    - Residential mortgage loans that do not qualify for the Consumer Finance Protection Bureau's (the "CFPB") safe harbor provision for "qualifying mortgages," or "QM." When held directly, these investments are included in the "Residential mortgage loans, at fair value" line item on our consolidated balance sheets.
    - Non-QM Loans held alongside other private funds under the management of Angelo Gordon are held in one of our unconsolidated subsidiaries, Mortgage Acquisition Trust I LLC ("MATT") (see the "Contractual obligations" section below for more detail). These investments are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheets.
    - Non-QM Loans in securitized form that are issued by MATT. The securitizations typically take the form of various classes of notes. These investments are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheets.

- Re/Non-Performing Loans, which include:
    - RPLs or NPLs in securitized form issued by an entity in which we own an equity interest and that we hold alongside other private funds under the management of Angelo Gordon. The securitizations typically take the form of equity and various classes of notes. 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 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.

- Land Related Financing includes first mortgage loans we originate to third-party land developers and home builders for purposes of the acquisition and horizontal development of land. These loans may be held through our unconsolidated subsidiaries. These loans are included in the "Investments in debt and equity of affiliates" line item on our consolidated balance sheets.

The Residential Investments that we own also include residential mortgage-backed securities ("RMBS") that are not issued or guaranteed by Ginnie Mae or a GSE. We collectively refer to these investments 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.

Commercial Investments

Our Commercial Investments include:

- Fixed and floating rate commercial mortgage-backed securities ("CMBS") secured by commercial mortgage loans to multiple borrowers ("Conduit") or secured by a single commercial mortgage loan which is backed by a single asset (usually a large commercial property) or by a pool of cross collateralized mortgage obligations to a single borrower or related borrowers ("Single-Asset/Single-Borrower");
- Interest Only securities (CMBS backed by interest-only strips);
- Commercial real estate loans secured by commercial real property, including first mortgages and mezzanine loans for construction or redevelopment of a property; and
- 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 ("Freddie Mac K-Series" or "K-Series").

Agency RMBS

Our investment portfolio includes 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 ("Agency RMBS"). Our Agency RMBS includes fixed rate securities held as mortgage pass-through securities, as well as excess mortgage servicing rights ("Excess MSRs"). Excess MSRs are interests in mortgage servicing rights ("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.

Investment classification

Throughout this report, (1) we use the terms "credit portfolio" and "credit investments" to refer to our Residential Investments and Commercial Investments, 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), Non-QM Loans (exclusive of those in securitized form), Land Related Financing, and commercial real estate loans, collectively, as our "loans"; (3) we use the term "credit securities" to refer to our credit portfolio, excluding 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 and credit 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) to-be-announced securities ("TBAs"), if any, and (y) any investment classified as "Other assets" on our consolidated balance sheets (our "GAAP Agency RMBS portfolio"), and (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"). See Note 2 to the "Notes to Consolidated Financial Statements" for a discussion of our investments held within affiliated entities. For a reconciliation of our investment portfolio to our GAAP investment portfolio, see the GAAP Investment Portfolio Reconciliation Table below.

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 originates conforming, Government, Jumbo, Non-QM, and other non-conforming residential mortgage loans and retains the mortgage servicing rights associated with the loans that it originates. From time to time, Arc Home may sell originated loans to us or other private funds under the management of

Angelo Gordon. See Note 10 to the "Notes to Consolidated Financial Statements (unaudited)" for additional financial information regarding transactions with affiliates.

Market conditions

During the first quarter of 2021, the financial markets generally continued their recovery from the unprecedented dislocation caused by the COVID-19 pandemic and the resulting economic shutdown across much of the U.S. economy. We believe several factors have contributed to the momentum of the ongoing rise in risk asset prices, most notably positive vaccine and reopening related news, demand for fixed income assets, and improving economic data. The Federal Reserve has also consistently signaled that it intends to maintain low interest rates for the foreseeable future. At the end of 2020, home price indices pointed to an annual increase of over 10% for national home prices, and in its first reading of 2021, the Case-Shiller index rose to over 11%. We expect that the mortgage and consumer sectors will continue to benefit from the unemployment support and stimulus disbursements, which were included in the Bipartisan-Bicameral Omnibus COVID Relief Deal bill, which was passed by Congress in December 2020.

Non-QM Whole Loans and Securitizations: In the first quarter of 2021, there were Non-QM Loan transactions totaling approximately $1.2 billion. In addition to offers from established sellers, the market saw its first widely syndicated sale of called collateral from a seasoned Non-QM securitization. We expect sale volumes to continue at this pace throughout the year even as rate increases lower overall mortgage origination volumes. In general, the price of residential whole loans continued to increase throughout the quarter as aggregators accounted for the decreased cost of funds in securitization, new government stimulus packages, and the demand for Non-QM assets remains outsized compared to originators ability to reach pre-COVID volumes.

Agency RMBS: Agency RMBS experienced some volatility during the first quarter as 10-year U.S. Treasury rates increased by 82 basis points. With the move in higher rates and the market’s expectation of slowing prepayment speeds, specified pool payups came under pressure during the quarter, resulting in better performance in the TBA market. Overall, strong bank demand and steady buying by the Federal Reserve continue to be broadly supportive of the sector.

Non-Agency RMBS: Overall, the factors discussed above contributed to increasingly tighter spreads over the course of the quarter, particularly with regard to the lower tranches of credit-related assets. Assets with more credit risk, which are generally those with the widest spreads, outperformed during the quarter. New-issue volume was notably stronger compared to the fourth quarter of 2020. The supply was well-absorbed by the market as offerings were often oversubscribed, particularly to start the year. Compared to the prior quarter, RMBS new issues grew 38% to nearly $30 billion.

CMBS: A continued recovery in the CMBS market was experienced in the first quarter of 2021. In addition to the factors that typically push CMBS spreads tighter, such as the need to invest newly allocated capital amounts into the market, we believe overall market dynamics in the first quarter were supplemented by a few additional considerations. One factor being that the recovery of CMBS has tended to lag other product types. Additionally, with the vaccination rollout picking up momentum, property valuation uncertainty has been mitigated to some degree. Finally, given a limited amount of maturities in 2021, issuance volumes are expected to remain below historical levels.

The overall CMBS delinquency rate continues to trend lower with March becoming the 9th consecutive month of improved loan performance. Not surprisingly the hardest hit sectors in 2020, which included hotel and retail, led the recovery during the current quarter and, in our opinion, the greatest area of uncertainly in the commercial real estate markets relates to the office sector and the long-term impacts of more remote or home working options for employees.

In light of various market uncertainties, in particular the pervasive uncertainties of the COVID-19 pandemic for the U.S. and global economy, there can be no assurance that the trends and conditions described above will not change in a manner materially adverse to the mortgage REIT industry and/or our Company.

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 value of our assets and the supply of, and demand for, our investments in residential mortgages in the marketplace, among other things, 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 and other unanticipated events in our markets. Our primary source of net income or loss 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 economic hedges in place on our investment portfolio, as well as any income or losses from our equity investments in affiliates.

Three Months Ended March 31, 2021 compared to the Three Months Ended March 31, 2020

The table below presents certain information from our consolidated statements of operations for the three months ended March 31, 2021 and March 31, 2020 (in thousands):

	Three Months Ended		
	March 31, 2021	**March 31, 2020**	**Increase/(Decrease)**
Statement of Operations Data:			
Net Interest Income			
Interest income	$ 12,119	$ 40,268	$ (28,149)
Interest expense	4,061	19,971	(15,910)
Total Net Interest Income	8,058	20,297	(12,239)
Other Income/(Loss)			
Net realized gain/(loss)	(4,038)	(151,143)	147,105
Net interest component of interest rate swaps	(741)	923	(1,664)
Unrealized gain/(loss) on real estate securities and loans, net	(6,658)	(313,897)	307,239
Unrealized gain/(loss) on derivative and other instruments, net	26,507	5,686	20,821
Foreign currency gain/(loss), net	14	1,649	(1,635)
Other income	23	3	20
Total Other Income/(Loss)	15,107	(456,779)	471,886
Expenses			
Management fee to affiliate	1,654	2,149	(495)
Other operating expenses	3,983	930	3,053
Restructuring related expenses	—	1,500	(1,500)
Excise tax	—	(815)	815
Servicing fees	615	579	36
Total Expenses	6,252	4,343	1,909
Income/(loss) before equity in earnings/(loss) from affiliates	16,913	(440,825)	457,738
Equity in earnings/(loss) from affiliates	26,336	(44,192)	70,528
Net Income/(Loss)	43,249	(485,017)	528,266
Gain on Exchange Offers, net	358	—	358
Dividends on preferred stock	(4,924)	(5,667)	743
Net Income/(Loss) Available to Common Stockholders	$ 38,683	$ (490,684)	$ 529,367

Interest income

Interest income is calculated using the effective interest method for our GAAP investment portfolio and calculated based on the actual coupon rate.

Interest income decreased from March 31, 2020 to March 31, 2021 primarily due to a decrease in the weighted average cost of our portfolio. The weighted average cost of our GAAP investment portfolio decreased by $2.2 billion from $3.6 billion for the three months ended March 31, 2020 to $1.4 billion for the three months ended March 31, 2021. The decrease was driven by sales and seizures which occurred primarily during the first and second quarters of 2020 due to market volatility caused by the

COVID-19 pandemic. Additionally, the weighted average yield of our GAAP investment portfolio decreased by 1.09% from 4.48% for the three months ended March 31, 2020 to 3.39% for the three months ended March 31, 2021.

Interest expense

Interest expense is calculated based on the actual financing rate and the outstanding financing balance of our GAAP investment portfolio.

Interest expense decreased from March 31, 2020 to March 31, 2021 primarily due to a decrease in the weighted average financing balance on our GAAP investment portfolio during the period. The weighted average financing balance on our GAAP investment portfolio during the period decreased by $2.2 billion from $3.0 billion for the three months ended March 31, 2020 to $0.8 billion for the three months ended March 31, 2021. The decrease was driven by financing removed on sales and seizures which occurred primarily during the first and second quarters of 2020 due to market volatility caused by the COVID-19 pandemic. Additionally, the weighted average financing rate on our GAAP investment portfolio decreased by 0.70% from 2.64% for the three months ended March 31, 2020 to 1.94% for the three months ended March 31, 2021. For the three months ended March 31, 2021 and March 31, 2020, interest expense includes $0.2 million and $(0.2) million, respectively, of deferred financing costs that were excluded from core earnings in the "Transaction related expenses and deal related performance fees" line item. Refer to the "Financing activities" section below for a discussion of the material changes in our cost of funds.

Net realized gain/(loss)

Net realized gain/(loss) represents the net gain or loss recognized on any (i) sales and seizures, if any, of real estate securities out of our GAAP investment portfolio, including any associated deficiencies recognized, if any, (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, and (iii) settlement of derivatives and other instruments. The following table presents a summary of Net realized gain/(loss) for the three months ended March 31, 2021 and March 31, 2020 (in thousands):

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Sales/Seizures of real estate securities	$ (500)	$ (86,305)
Sales of loans and loans transferred to or sold from Other assets	(3,373)	(2,967)
Settlement of derivatives and other instruments	(165)	(61,871)
Total Net realized gain/(loss)	$ (4,038)	$ (151,143)

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.

Net interest component of interest rate swaps decreased from March 31, 2020 to March 31, 2021, primarily due to the difference in terms on the outstanding interest rate swaps during the periods. As of the March 31, 2021, we held an interest rate swap portfolio of $1.1 billion of notional with a weighted average receive-variable rate of 0.20% and a weighted average pay-fix rate of 0.80%.

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

During the three months ended March 31, 2021, we recognized $6.7 million in net unrealized losses comprised of unrealized losses on securities and unrealized gains on loans of $24.0 million and $17.3 million, respectively. The unrealized losses on securities primarily relates to losses on our Agency RMBS portfolio and the unrealized gains on loans primarily relates to gains on our Re/Non-performing loan portfolio.

During the three months ended March 31, 2020, we recognized $313.9 million net unrealized losses comprised of unrealized losses on securities and unrealized losses on loans of $203.4 million and $110.5 million, respectively. These losses were due directly to the disruptions of the financial markets caused by the COVID-19 pandemic and our response thereto, including $2.4 billion in asset sales and a significant decrease in asset valuations in March 2020.

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

For the three months ended March 31, 2021, the gains of $26.5 million were comprised of unrealized gains of $28.5 million, primarily related to mark-to-market changes on our interest rate swap portfolio, offset by unrealized losses of $2.0 million on securitized debt.

For the three months ended March 31, 2020, the gain of $5.7 million was comprised of unrealized gains on securitized debt offset by unrealized losses on excess MSRs and derivatives.

Foreign currency gain/(loss), net

Foreign currency gain/(loss), net pertains to the effects of remeasuring the monetary assets and liabilities of our foreign investments into U.S. dollars using foreign currency exchange rates at the end of the reporting period. During the three months ended March 31, 2020, the value of GBP relative to USD decreased, resulting in a gain on the liabilities held in foreign currencies. The decrease in gains from March 31, 2020 to March 31, 2021 is primarily as a result of a decreased foreign currency denominated portfolio throughout the current period. As of March 31, 2021, the Company no longer held any foreign currency denominated positions.

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. Management fees decreased from March 31, 2020 to March 31, 2021 primarily due to a decrease in our Stockholders' Equity as calculated pursuant to our Management Agreement.

Other operating expenses

This amount is 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 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 broken out between non-investment related expenses and investment related expenses for the three months ended March 31, 2021 and March 31, 2020 (in thousands):

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Non Investment Related Expenses		
Affiliate expense reimbursement - Operating expenses (1)	$ 1,250	$ 1,879
Professional fees	1,225	545
D&O insurance	394	174
Directors' compensation	168	218
Equity based compensation to affiliate	—	88
Other	156	229
Total Corporate Expenses	3,193	3,133
Investment Related Expenses		
Affiliate expense reimbursement - Deal related expenses	281	162
Professional fees	28	47
Residential mortgage loan related expenses	608	692
Transaction related expenses and deal related performance fees (2)(3)	(167)	(3,219)
Other	40	115
Total Investment Expenses	790	(2,203)
Total Other operating expenses	$ 3,983	$ 930

(1) For the year ended December 31, 2021, the Manager agreed to waive its right to receive expense reimbursements of

$0.8 million. For the three months ended March 31, 2021, $0.2 million of the reduction in reimbursable expenses is included within the "Affiliated expense reimbursement - Operating expenses" line item above.

(2) The increase in Transaction related expenses and deal related performance fees from the three months ended March 31, 2020 to the three months ended March 31, 2021 is primarily a result of accrued deal related performance fees being reversed in the period ended March 31, 2020 due to a decline in the price of the related assets, as well as the seizure of such assets by financing counterparties.

(3) In computing core earnings, transaction related expenses and deal related performance fees are added back to Net Income/(Loss). For the three months ended March 31, 2021, total transaction related expenses and deal related performance fees excluded from core earnings were $(12) thousand, consisting of $(167) thousand recorded within the "Other operating expenses" line item, as detailed above, and $155 thousand recorded within the "Interest expense" line item, which relates to the amortization of deferred financing costs. For the three months ended March 31, 2020, total transaction related expenses and deal related performance fees excluded from core earnings were $(3.4) million, consisting of $(3.2) million recorded within the "Other operating expenses" line item, as detailed above, and $(0.2) million recorded within the "Interest expense" line item, which relates to the amortization of deferred financing costs.

Restructuring related expenses

Restructuring related expenses relate to legal and consulting fees primarily incurred in connection with executing the Forbearance Agreement and subsequent Reinstatement Agreement in 2020. Refer to the "Financing activities" section below for more information regarding the Forbearance Agreement and the Reinstatement Agreement.

Excise tax

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

During the three months ended March 31, 2020, we reversed previously accrued excise taxes primarily as a result of losses associated with COVID-19. We did not record any excise taxes for the three months ended March 31, 2021.

Servicing fees

We incur servicing fee expenses in connection with the servicing of our Residential mortgage loans. As of March 31, 2021 and March 31, 2020, we owned Residential mortgage loans with a fair value of $643.0 million and $767.0 million, respectively. This decrease in the fair value of the Residential mortgage loans was a result of net sales of Residential mortgage loan pools in 2020 and 2021. For the three months ended March 31, 2021 and March 31, 2020, our servicing fees remained relatively consistent.

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. The below table reconciles the net income/(loss) to the "Equity in earnings/(loss) from affiliates" line item on our consolidated statements of operations (in thousands).

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Non-QM Loans (1)	$ 14,646	$ (26,729)
AG Arc (2)	6,340	(10,026)
Land Related Financing	710	664
Other	4,640	(8,101)
Equity in earnings/(loss) from affiliates	$ 26,336	$ (44,192)

(1) The increase in earnings within MATT was the primarily the result of mark-to-market gains on the Non-QM Loan portfolio and related financing.

(2) The earnings at AG Arc during the three months ended March 31, 2021 were primarily the result of $4.2 million of net income related to Arc Home's lending and servicing operations and $1.5 million related to changes in the fair value of the MSR portfolio held by Arc Home.

Gain on Exchange Offers, net

We completed a privately negotiated exchange offer during the three months ended March 31, 2021. As a result of the exchange offer, we exchanged 153,325 shares of our 8.25% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") and 350,609 shares of our 8.00% Series B Cumulative Redeemable Preferred Stock ("Series B Preferred Stock") for a total of 2,812,388 shares of common stock. We recognized a gain of $0.4 million in connection with the offer. Refer to the "Liquidity and capital resources" section below for more information on the exchange offers.

Book value and Adjusted book value per share

Per share amounts for book value are calculated using all outstanding common shares in accordance with GAAP, including all vested shares issued to our Manager, and our independent directors under our equity incentive plans as of quarter-end. As of March 31, 2021, the net proceeds for the Series A Preferred Stock, Series B Preferred Stock, and our 8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock ("Series C Preferred Stock") were $40.1 million, $92.3 million, and $93.9 million, respectively. As of March 31, 2021, the liquidation preference for the issued and outstanding Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock was $41.6 million, $95.4 million, and $97.1 million, respectively.

As of March 31, 2021 and December 31, 2020, our book value per common share calculated using stockholders’ equity less net proceeds on our preferred stock as the numerator was $4.92 and $4.13, respectively. As of March 31, 2021 and December 31, 2020, our adjusted book value per common share calculated using stockholders’ equity less the liquidation preference of our preferred stock as the numerator was $4.76 and $3.94, respectively

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 team 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.

Net interest margin and leverage ratio

GAAP net interest margin and non-GAAP 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, both of which exclude cash held by us and any net TBA position. The weighted average yield on our credit portfolio and our Agency RMBS 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 calculation of weighted average yield is weighted on fair value at quarter-end. The weighted average cost of funds is the sum of the weighted average funding costs on total financing arrangements outstanding at quarter-end, including all non-recourse financing arrangements, and our weighted average hedging cost, which is the weighted average of the net pay rate on our interest rate swaps. 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.

As our capital allocation shifts, our weighted average yields and weighted average cost of funds will also shift. Our Agency Investments, given their liquidity and high credit quality, are eligible for higher levels of leverage, while our Credit Investments, with less liquidity and/or more exposure to credit risk and prepayment, utilize lower levels of leverage. As a result, our leverage ratio is determined by our portfolio mix as well as many additional factors, including the liquidity of our portfolio, the availability and price of our financing, the diversification of our counterparties and their available capacity to finance our assets, and anticipated regulatory developments. Our debt-to-equity ratio is directly correlated to the composition of our portfolio; specifically, the higher percentage of Agency Investments we hold, the higher our leverage ratio is, while the higher percentage of Credit Investments we hold, the lower our leverage ratio is.

Net interest margin and leverage ratio are metrics that management believes should be considered 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, 2021 and March 31, 2020 and a reconciliation to our GAAP investment portfolio:

March 31, 2021			
Weighted Average	**GAAP Investment Portfolio**	**Investments in Debt and Equity of Affiliates**	**Investment Portfolio (a)**
Yield	3.31 %	13.09 %	4.44 %
Cost of Funds (b)	1.83 %	2.73 %	1.77 %
Net Interest Margin	1.48 %	10.36 %	2.67 %
Leverage Ratio (c)	3.2x	(d)	2.6x

March 31, 2020			
Weighted Average	**GAAP Investment Portfolio**	**Investments in Debt and Equity of Affiliates**	**Investment Portfolio (a)**
Yield	5.20 %	8.42 %	5.96 %
Cost of Funds (b)	2.88 %	4.94 %	3.25 %
Net Interest Margin	2.32 %	3.48 %	2.71 %
Leverage Ratio (c)	3.1x	(d)	3.3x

(a) Excludes any net TBA position.
(b) Includes cost of non-recourse financing arrangements.
(c) The leverage ratio on our GAAP investment portfolio represents GAAP leverage. The leverage ratio on our investment portfolio represents Economic Leverage as defined below in the "Financing Activities" section.
(d) 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) (a) unrealized gains/(losses) on real estate securities, loans, derivatives and other investments, inclusive of our investment in AG Arc, and (b) net realized gains/(losses) on the sale or termination of such instruments, (ii) any transaction related expenses incurred in connection with the acquisition or disposition of our investments, (iii) 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), (iv) realized and unrealized changes in the fair value of Arc Home's net mortgage servicing rights and the derivatives intended to offset changes in the fair value of those net mortgage servicing rights, (v) deferred taxes recognized at our taxable REIT subsidiaries, if any, (vi) any foreign currency gain/(loss) relating to monetary assets and liabilities, (vii) income from discontinued operations, and (viii) any gains/(losses) associated with exchange transactions on our common and preferred stock. Items (i) through (viii) above include any amount 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 the acquisition or disposition of an asset and does not view them as being part of its core operations. Management views the exclusion described in (iv) above to be consistent with how it calculates Core Earnings on the remainder of its portfolio. Management excludes all deferred taxes because it believes deferred taxes are not representative of current operations.

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 our performance against this objective. Management believes that this non-GAAP measure, when considered with our GAAP financial statements, provides supplemental information useful for investors as it enables them to evaluate our current core performance using the same methodology 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, 2021 and March 31, 2020 is set forth below (in thousands, except per share data):

	Three Months Ended	
	March 31, 2021	March 31, 2020
Net Income/(loss) available to common stockholders	$ 38,683	$ (490,684)
Add (Deduct):		
Net realized (gain)/loss	4,038	151,143
Unrealized (gain)/loss on real estate securities and loans, net	6,658	313,897
Unrealized (gain)/loss on derivative and other instruments, net	(26,507)	(5,686)
Transaction related expenses and deal related performance fees (1)	(12)	(3,412)
Equity in (earnings)/loss from affiliates	(26,336)	44,192
Net interest income and expenses from equity method investments (2)(3)	7,322	1,233
Foreign currency (gain)/loss, net	(14)	(1,649)
(Gains) from Exchange Offer, net	(358)	—
Drop income	—	322
Core Earnings (3)	$ 3,474	$ 9,356
Core Earnings, per Diluted Share (3)	$ 0.08	$ 0.29

(1) Refer to changes in Interest expense and Other operating expenses in our "Results of Operations" section above for a breakout of transaction related expenses and deal related performance fees for the three months ended March 31, 2021 and March 31, 2020.

(2) For the three months ended March 31, 2021 and March 31, 2020, $2.6 million or $0.06 per share and $(4.6 million) or $(0.14) per share, respectively, of realized and unrealized changes in the fair value of Arc Home's net mortgage servicing rights and corresponding derivatives net of taxes were excluded from Core Earnings per diluted share.

(3) The three months ended March 31, 2021 included a cumulative retrospective adjustment of $0.5 million or $0.01 per diluted share on the premium amortization for investments accounted for under ASC 320-10.

We did not disclose Core Earnings during the first three quarters of 2020 as we determined that this measure, as we have historically calculated it, did not appropriately capture our business, liquidity, results of operations, financial condition, or our ability to make distributions to our stockholders. During the fourth quarter of 2020, we began disclosing Core Earnings in conjunction with the reinstatement of our dividends on our common stock and preferred stock.

Investment activities

Overall, our intention is to allocate capital to investment opportunities with attractive risk/return profiles in our target asset classes. Historically, our investment portfolio has consisted of Residential Investments, Agency RMBS, and Commercial Investments. Our capital allocation to each of these investments is set forth in more detail below. Our investment and capital allocation decisions depend on prevailing market conditions and compliance with Investment Company Act and REIT tests, among other factors, and may change over time in response to opportunities available in different economic and capital market environments. 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.

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, the securitization structure, expected return, geography, collateral type, and the cost and availability of financing, among others. 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 that 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 to 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.

We evaluate investments in Agency RMBS using factors including, among others, expected future prepayment trends, supply of and demand for Agency RMBS, costs of financing, costs of hedging, liquidity, 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.

The following table presents a detailed break-down of our investment portfolio as of March 31, 2021 and December 31, 2020 and a reconciliation to our GAAP Investment Portfolio ($ in thousands):

	Fair Value		Percent of Investment Portfolio Fair Value		Leverage Ratio (a)	
	March 31, 2021	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Agency RMBS	$ 918,753	$ 521,843	48.4 %	37.4 %	7.8x	6.1x
Residential Investments	876,758	691,478	46.2 %	49.5 %	0.9x	0.2x
Commercial Investments	104,047	182,296	5.4 %	13.1 %	0.7x	0.9x
Total: Investment Portfolio	$ 1,899,558	$ 1,395,617	100.0 %	100.0 %	2.6x	1.5x
Investments in Debt and Equity of Affiliates (b)	$ 217,758	$ 217,964	N/A	N/A	(c)	(c)
Total: GAAP Investment Portfolio	$ 1,681,800	$ 1,177,653	N/A	N/A	3.2x	2.4x

(a) The leverage ratio on our investment portfolio represents Economic Leverage as defined below in the "Financing Activities" section and is calculated by dividing each investment type's total recourse financing arrangements by its allocated equity (described in the chart below). Cash posted as collateral has been allocated pro-rata by each respective asset class's Economic Leverage amount. The Economic Leverage Ratio excludes any fully non-recourse financing arrangements. The leverage ratio on our Agency RMBS includes any net receivables on TBA. The leverage ratio on our GAAP Investment Portfolio represents GAAP leverage.
(b) Certain Re/Non-Performing Loans held in securitized form are presented net of non-recourse securitized debt.
(c) Refer to the "Financing activities" section below for an aggregate breakout of leverage.

We allocate our equity by investment using the fair value of our investment portfolio, less any associated leverage, inclusive of any long TBA position (at cost). We allocate all non-investment portfolio related assets and liabilities to our investment portfolio based on the characteristics of such assets and liabilities 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, 2021 and December 31, 2020 ($ in thousands):

	Allocated Equity		Percent of Equity	
	March 31, 2021	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Agency RMBS	$ 110,986	$ 80,854	24.4 %	19.7 %
Residential Investments	281,863	229,183	61.9 %	56.0 %
Commercial Investments	62,456	99,668	13.7 %	24.3 %
Total	$ 455,305	$ 409,705	100.0 %	100.0 %

The following table presents a reconciliation of our Investment Portfolio to our GAAP Investment Portfolio as of March 31, 2021 ($ 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)
Agency RMBS:							
30 Year Fixed Rate	$ 906,892	$ 944,627	$ (29,204)	$ 915,423	2.15 %	1.62 %	9.23
Excess MSR	552,192	4,734	(1,404)	3,330	N/A	4.13 %	6.17
Total Agency RMBS	1,459,084	949,361	(30,608)	918,753	2.15 %	1.63 %	8.07
Credit Investments:							
Residential Investments							
Prime	6,816	2,187	390	2,577	3.50 %	14.20 %	10.86
Alt-A/Subprime	16,282	6,903	4,542	11,445	4.25 %	14.16 %	9.50
Credit Risk Transfer	420	420	7	427	5.61 %	5.61 %	7.91
Interest Only and Excess MSR	173,638	269	81	350	0.51 %	2.16 %	2.12
Re/Non-Performing Loans	566,760	460,086	20,809	480,895	3.45 %	7.03 %	6.42
Non-QM Loans (4)	198,371	207,864	1,443	209,307	5.36 %	4.00 %	4.66
MATT Non-QM Loans	1,159,556	145,535	3,504	149,039	1.16 %	11.57 %	0.96
Land Related Financing	22,718	22,718	—	22,718	14.60 %	14.60 %	0.66
Total Residential Investments	2,144,561	845,982	30,776	876,758	2.75 %	7.38 %	2.94
Commercial Investments							
Single-Asset/Single-Borrower	35,500	35,419	(5,981)	29,438	4.07 %	4.45 %	0.43
Freddie Mac K-Series	22,327	10,618	1,609	12,227	3.83 %	9.23 %	10.06
CMBS Interest Only (5)	685,961	4,009	164	4,173	0.10 %	7.02 %	4.00
Commercial Real Estate Loans (6)	68,220	67,883	(9,674)	58,209	2.52 %	3.10 %	2.77
Total Commercial Investments	812,008	117,929	(13,882)	104,047	0.52 %	4.36 %	3.91
Total Credit Investments	2,956,569	963,911	16,894	980,805	1.97 %	4.68 %	3.20
Total: Investment Portfolio	$ 4,415,653	$ 1,913,272	$ (13,714)	$ 1,899,558	2.02 %	4.44 %	4.81
Investments in Debt and Equity of Affiliates	$ 1,341,627	$ 206,574	$ 11,184	$ 217,758	1.79 %	13.09 %	1.35
Total: GAAP Investment Portfolio	$ 3,074,026	$ 1,706,698	$ (24,898)	$ 1,681,800	2.09 %	3.31 %	6.32

(1) Refer to Note 2 to the "Notes of the Consolidated Financial Statements (unaudited)" for more detail on what is included in our "Investments in debt and equity of affiliates" line item on our consolidated balance sheets. Our assets held through Investments in debt and equity of affiliates are included in the "Excess MSR," "Re/Non-Performing Loans," "MATT Non-QM Loans," and "Land Related Financing" line items above.
(2) Equity residuals, principal only securities and Excess MSRs with a zero coupon rate are excluded from this calculation.
(3) Weighted average life is based on projected life. Typically, actual maturities 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.
(4) Prior to 2021, we acquired Non-QM Loans through our equity method investment in MATT. This line item represents direct purchases of Non-QM Loans, which began in Q1 2021.
(5) Comprised of Freddie Mac K-Series interest-only bonds.
(6) Yield on Commercial Real Estate Loans includes any exit fees.

The following table presents a reconciliation of our Investment Portfolio to our GAAP Investment Portfolio as of December 31, 2020 ($ 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)
Agency RMBS:							
30 Year Fixed Rate	$ 494,307	$ 516,675	$ 1,677	$ 518,352	2.10 %	1.17 %	5.55
Excess MSR	642,377	4,986	(1,495)	3,491	N/A	3.80 %	6.08
Total Agency RMBS	1,136,684	521,661	182	521,843	2.10 %	1.19 %	5.85
Credit Investments:							
Residential Investments							
Prime	15,093	8,012	653	8,665	3.68 %	8.97 %	12.99
Alt-A/Subprime	16,287	6,910	4,586	11,496	4.25 %	12.52 %	9.70
Credit Risk Transfer	13,880	13,880	(572)	13,308	4.71 %	4.70 %	5.86
Non-U.S. RMBS	2,435	3,141	(41)	3,100	6.45 %	6.41 %	4.59
Interest Only and Excess MSR	191,362	265	55	320	0.53 %	3.44 %	0.70
Re/Non-Performing Loans	582,329	470,440	8,125	478,565	3.62 %	6.49 %	6.17
MATT Non-QM Loans	1,271,998	156,109	(2,909)	153,200	1.08 %	4.95 %	1.29
Land Related Financing	22,824	22,824	—	22,824	14.59 %	14.59 %	0.84
Total Residential Investments	2,116,208	681,581	9,897	691,478	2.37 %	6.51 %	2.76
Commercial Investments							
Conduit	4,925	3,901	(606)	3,295	4.62 %	11.89 %	3.51
Single-Asset/Single-Borrower	50,480	48,986	(8,796)	40,190	4.15 %	4.81 %	2.27
Freddie Mac K-Series	22,572	10,510	(1,510)	9,000	3.83 %	9.00 %	10.32
CMBS Interest Only (4)	687,077	4,116	187	4,303	0.10 %	6.93 %	4.12
Commercial Real Estate Loans (5)	142,167	141,655	(16,147)	125,508	4.60 %	4.96 %	2.33
Total Commercial Investments	907,221	209,168	(26,872)	182,296	1.10 %	5.30 %	3.88
Total Credit Investments	3,023,429	890,749	(16,975)	873,774	1.87 %	6.26 %	3.10
Total: Investment Portfolio	$ 4,160,113	$ 1,412,410	$ (16,793)	$ 1,395,617	1.91 %	4.36 %	3.85
Investments in Debt and Equity of Affiliates	$ 1,466,453	$ 216,450	$ 1,514	$ 217,964	1.67 %	7.78 %	1.68
Total: GAAP Investment Portfolio	$ 2,693,660	$ 1,195,960	$ (18,307)	$ 1,177,653	2.01 %	3.73 %	5.03

(1) Refer to Note 2 to the "Notes of the Consolidated Financial Statements (unaudited)" for more detail on what is included in our "Investments in debt and equity of affiliates" line item on our consolidated balance sheets. Our assets held through Investments in debt and equity of affiliates are included in the "Excess MSR," "Re/Non-Performing Loans," "MATT Non-QM Loans," and "Land Related Financing" line items above.
(2) Equity residuals, principal only securities and Excess MSRs with a zero coupon rate are excluded from this calculation.
(3) Weighted average life is based on projected life. Typically, actual maturities 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.
(4) Comprised of Freddie Mac K-Series interest-only bonds.
(5) Yield on Commercial Real Estate Loans includes any exit fees.

Agency RMBS

The following table presents the fair value ($ in thousands) and the Constant Prepayment Rate ("CPR") experienced on our GAAP Agency RMBS portfolio for the periods presented.

	Fair Value		CPR (1)(2)	
Agency RMBS	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
30 Year Fixed Rate	$ 915,423	$ 518,352	3.3 %	2.7 %

(1) Represents the weighted average monthly CPRs published during the period for our in-place portfolio.
(2) Source: Bloomberg.

Credit Investments

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

	Fair Value	
	March 31, 2021	December 31, 2020
Residential loans (1)	$ 764,969	$ 563,263
Commercial real estate loans	58,209	125,508
Total loans	823,178	688,771
Non-Agency RMBS (2)	$ 111,789	$ 128,215
CMBS (3)	45,838	56,788
Total Credit securities	157,627	185,003
Total Credit Investments	$ 980,805	$ 873,774
Less: Investments in Debt and Equity of Affiliates	$ 217,359	$ 217,547
Total GAAP Credit Portfolio	$ 763,446	$ 656,227

(1) Includes Re/Non-Performing Loans, Non-QM Loans, and Land Related Financing not held in securitized form.
(2) Includes Prime, Alt-A/Subprime, Credit Risk Transfer, Non-U.S RMBS, Interest-Only and Excess MSR, Re/Non-Performing Loans, and Non-QM Loans held in securitized form.
(3) Includes Conduit, Single-Asset/Single-Borrower, Freddie Mac K-Series, and Interest-Only investments.

Residential loans

The following tables present certain information regarding credit quality for certain categories within our Residential loan portfolio ($ in thousands):

March 31, 2021			Weighted Average (1)(2)		Aging by Unpaid Principal Balance (1)(2)			
	Unpaid Principal Balance	Fair Value	Current LTV Ratio	Current FICO (3)	Current	30-59 Days	60-89 Days	90+ Days
Re/Non-Performing Loans (4)	$ 493,197	$ 438,783	79.06 %	631	$ 311,279	$ 37,526	$ 13,642	$ 112,242
Non-QM Loans (5)	198,371	209,307	69.32 %	739	198,371	—	—	—
MATT Non-QM Loans (6)	89,824	94,161	59.68 %	720	72,968	4,045	1,206	11,605
Land Related Financing	22,718	22,718	N/A	N/A	N/A	N/A	N/A	N/A
Total Residential loans	$ 804,110	$ 764,969	74.22 %	669	$ 582,618	$ 41,571	$ 14,848	$ 123,847
Less: Investments in Debt and Equity of Affiliates	118,284	122,010	61.27 %	713	75,536	4,360	1,387	14,283
Total GAAP Residential Loans	$ 685,826	$ 642,959	76.10 %	663	$ 507,082	$ 37,211	$ 13,461	$ 109,564

(1) Weighted average and aging data excludes residual positions where we consolidate a securitization and the positions are recorded on our balance sheet as Re/Non-Performing Loans. There may be limited data available regarding the underlying collateral of the residual positions.
(2) Weighted average and aging data excludes Land Related Financing.
(3) Weighted average current FICO excludes borrowers where FICO scores were not available.
(4) In our Re/Non-Performing Loan portfolio, 30% of the population has requested COVID-19-related assistance as of March 31, 2021; approximately 59% of the population requesting assistance is being reported as contractually current as of period end as this population no longer owes any past due payments.
(5) In our Non-QM Loan portfolio, 11% of the population has requested COVID-19-related assistance as of March 31, 2021; the entire population requesting assistance is being reported as contractually current as of period end as this population no longer owes any past due payments.
(6) MATT Non-QM Loans includes Non-QM Loans not held in securitized form. In our MATT Non-QM Loan portfolio, 53% of the population has requested COVID-19-related assistance as of March 31, 2021; approximately 75% of the population requesting assistance is being reported as contractually current as of period end as this population no longer owes any past due payments.

December 31, 2020	Unpaid Principal Balance	Fair Value	Weighted Average (1)(2)		Aging by Unpaid Principal Balance (1)(2)			
			Current LTV Ratio	Current FICO (3)	Current	30-59 Days	60-89 Days	90+ Days
Re/Non-Performing Loans (4)	$ 506,799	$ 440,175	79.58 %	627	$ 288,350	$ 44,761	$ 25,506	$ 128,690
MATT Non-QM Loans (5)	98,204	100,264	59.57 %	707	73,285	4,856	651	19,412
Land Related Financing	22,824	22,824	N/A	N/A	N/A	N/A	N/A	N/A
Total Residential loans	$ 627,827	$ 563,263	76.23 %	640	$ 361,635	$ 49,617	$ 26,157	$ 148,102
Less: Investments in Debt and Equity of Affiliates	126,847	127,822	61.09 %	700	75,615	5,329	902	22,177
Total GAAP Residential Loans	$ 500,980	$ 435,441	79.50 %	627	$ 286,020	$ 44,288	$ 25,255	$ 125,925

(1) Weighted average and aging data excludes residual positions where we consolidate a securitization and the positions are recorded on our balance sheet as Re/Non-Performing Loans. There may be limited data available regarding the underlying collateral of the residual positions.
(2) Weighted average and aging data excludes Land Related Financing.
(3) Weighted average current FICO excludes borrowers where FICO scores were not available.
(4) In our Re/Non-Performing Loan portfolio, 28% of the population has requested COVID-19-related assistance as of December 31, 2020; approximately 48% of the population requesting assistance is being reported as contractually current as of period end as this population no longer owes any past due payments.
(5) MATT Non-QM Loans includes Non-QM Loans not held in securitized form. In our MATT Non-QM Loan portfolio, 34% of the population has requested COVID-19-related assistance as of December 31, 2020; approximately 67% of the population requesting assistance is being reported as contractually current as of period end as this population no longer owes any past due payments.

See Note 4 to the "Notes to 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.

Commercial loans

Refer to Note 4 to the "Notes of the Consolidated Financial Statements (unaudited)" section for more detail on what is included in our "Commercial Loans" line item on our consolidated balance sheets.

Credit securities

The following table presents the fair value of our credit securities portfolio by credit rating as of March 31, 2021 and December 31, 2020 (in thousands):

Credit Rating - Credit Securities (1)	March 31, 2021 (2)(3)	December 31, 2020 (2)(3)
AAA	$ 611	$ 630
BB	5,699	9,037
B	18,366	25,318
Below B	14,090	17,046
Not Rated	118,861	132,972
Total: Credit Securities	$ 157,627	$ 185,003
Less: Investments in Debt and Equity of Affiliates	$ 95,349	$ 89,725
Total: GAAP Basis	$ 62,278	$ 95,278

(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) Certain Re/Non-Performing Loans held in securitized form are presented net of non-recourse securitized debt.
(3) As of March 31, 2021 and December 31, 2020, includes $0.1 million of credit Excess MSRs.

The following tables present the geographic concentration of the underlying collateral for our credit securities portfolio ($ in thousands).

March 31, 2021

Non-Agency RMBS State	Fair Value (1)	Percentage (1)	CMBS State	Fair Value	Percentage
California	$ 37,317	33.4 %	Texas	$ 5,588	12.2 %
New York	18,347	16.4 %	California	4,774	10.4 %
Florida	10,347	9.3 %	Florida	3,218	7.0 %
New Jersey	3,839	3.4 %	New Jersey	2,566	5.6 %
Maryland	3,489	3.1 %	Missouri	2,473	5.4 %
Other	38,450	34.4 %	Other	27,219	59.4 %
Total	$ 111,789	100.0 %	**Total**	$ 45,838	100.0 %

(1) Non-Agency RMBS fair value includes $0.1 million of credit Excess MSRs where there was no data regarding the underlying collateral. These positions were excluded from the percent calculation.

December 31, 2020

Non-Agency RMBS State	Fair Value (1)	Percentage (1)	CMBS State	Fair Value	Percentage
California	$ 40,593	32.5 %	Texas	$ 6,454	11.4 %
New York	17,742	14.2 %	New York	6,264	11.0 %
Florida	10,982	8.8 %	California	4,801	8.5 %
Texas	4,216	3.4 %	Florida	4,014	7.1 %
New Jersey	4,028	3.2 %	Missouri	2,753	4.8 %
Other	50,654	37.9 %	Other	32,502	57.2 %
Total	$ 128,215	100.0 %	**Total**	$ 56,788	100.0 %

(1) Non-Agency RMBS fair value includes $3.2 million of investments where there was no data regarding the underlying collateral, including $0.1 million of credit Excess MSRs. These positions were excluded from the percent calculation.

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

March 31, 2021

Category	Fair Value	Weighted Average 60+ Days Delinquent	Weighted Average Loan Age (Months)	Weighted Average Credit Enhancement
Non-Agency RMBS (1)				
Prime	$ 2,577	12.0 %	185.0	10.3 %
Alt-A/Subprime	11,445	5.9 %	164.0	— %
Credit Risk Transfer	427	0.2 %	30.0	0.9 %
CMBS (1)				
Single-Asset/Single-Borrower	$ 29,438	— %	25.1	5.2 %
Freddie Mac K Series CMBS	12,227	0.1 %	28.9	— %

December 31, 2020

Category	Fair Value	Weighted Average 60+ Days Delinquent	Weighted Average Loan Age (Months)	Weighted Average Credit Enhancement
Non-Agency RMBS (1)				
Prime	$ 8,665	4.0 %	26.4	2.9 %
Alt-A/Subprime	11,496	9.5 %	95.0	0.1 %
Credit Risk Transfer	13,308	6.8 %	5.3	0.4 %
Non-U.S. RMBS	3,100	2.4 %	41.4	1.3 %
CMBS (1)				
Conduit	$ 3,295	10.6 %	81.0	8.7 %
Single-Asset/Single-Borrower	40,190	— %	29.2	6.1 %
Freddie Mac K Series CMBS	9,000	0.2 %	25.9	— %

(1) Sources: Intex, Trepp

Investments in debt and equity of affiliates

The below table details our investments in debt and equity of affiliates as of March 31, 2021 and December 31, 2020 (in thousands):

	March 31, 2021			December 31, 2020		
	Assets	Liabilities	Equity	Assets	Liabilities	Equity
Excess MSR	$ 399	$ —	$ 399	$ 417	$ —	$ 417
Total Agency RMBS	399	—	399	417	—	417
Re/Non-Performing Loans (1)	45,602	(13,236)	32,366	41,523	(5,588)	35,935
MATT Non-QM Loans (2)	149,039	(100,762)	48,277	153,200	(111,135)	42,065
Land Related Financing	22,718	—	22,718	22,824	—	22,824
Total Residential Investments	217,359	(113,998)	103,361	217,547	(116,723)	100,824
Total Credit Investments	217,359	(113,998)	103,361	217,547	(116,723)	100,824
Total Investments excluding AG Arc	217,758	(113,998)	103,760	217,964	(116,723)	101,241
AG Arc, at fair value	52,138	—	52,138	45,341	—	45,341
Cash and Other assets/(liabilities) (3)	8,260	(3,835)	4,425	5,279	(1,194)	4,085
Investments in debt and equity of affiliates	$ 278,156	$ (117,833)	$ 160,323	$ 268,584	$ (117,917)	$ 150,667

(1) Certain Re/Non-Performing Loans held in securitized form are presented net of non-recourse securitized debt.
(2) As of March 31, 2021 and December 31, 2020, Non-QM Loans excluded loans with an unpaid principal balance of $14.2 million and $17.3 million, respectively, whereby an affiliate of MATT has the right, but not the obligation, to repurchase loans from a trust that are 90 days or more delinquent at its discretion. These loans, which are eligible to be repurchased, would be recorded on the balance sheet of MATT, an unconsolidated equity method investee of the Company, with a corresponding and offsetting liability.
(3) Includes financing arrangements of $(9.4) thousand on real estate owned as of December 31, 2020.

Financing activities

We use leverage to finance the purchase of our investment portfolio. In 2021 and 2020, our leverage has primarily been in the form of repurchase agreements, revolving 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 experienced fluctuations in our haircuts that caused us to alter our business and financing strategies for the year ended December 31, 2020. As previously described, this resulted in us raising liquidity and reducing the risk within our portfolio. We had outstanding financing arrangements with five counterparties as of March 31, 2021 and December 31, 2020.

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, the lender will remit to us the related principal and interest payments. 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.

We have also entered into revolving facilities to purchase certain loans in our investment portfolio. These facilities typically have longer stated maturities than repurchase agreements. Interest rates on these facilities are based on prevailing rates corresponding to the terms of the borrowings, and interest is paid on a monthly basis.

Our 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 and liquidity, leverage ratios, and performance triggers. In addition, some of the financing arrangements contain cross default features, whereby default under an agreement with one lender simultaneously causes default under agreements with other lenders. To the extent that we fail to comply with the covenants contained in these financing arrangements or is otherwise found to be in default under the terms of such agreements, the counterparty has the right to accelerate amounts due under the associated agreement. Financings pursuant to repurchase agreements and revolving facilities are generally recourse to us. As of March 31, 2021, we are in compliance with all of our financial covenants.

In response to declines in fair value of pledged assets due to changes in market conditions, 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. Refer to "Liquidity and capital resources" section below for more information.

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 Non-QM Loans not held in securitized form and 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, excluding Non-QM Loans not held in securitized form. Due to their risk profile, credit investments generally 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.

Forbearance and Reinstatement Agreements

On March 20, 2020, we notified our financing counterparties that we did not expect to be in a position to fund the anticipated volume of future margin calls under our financing arrangements in the near term as a result of market disruptions created by the COVID-19 pandemic. Subsequent to March 23, 2020, we received notifications of alleged events of default and deficiency notices from several of our financing counterparties. Subject to the terms of the applicable financing arrangement, if we had failed to deliver additional collateral or otherwise meet margin calls when due, the financing counterparties may have been able to demand immediate payment by us of the aggregate outstanding financing obligations owed to such counterparties, and if such financing obligations were not paid, may have been permitted to sell the financed assets and apply the proceeds to our financing obligations and/or take ownership of the assets securing our financing obligations. During this period of market upheaval, we engaged in discussions with our financing counterparties with regard to entering into forbearance agreements pursuant to which each counterparty would agree to forbear from exercising its rights and remedies with respect to an event of default under the applicable financing arrangement for an agreed-upon period. On April 10, 2020, we entered into a forbearance agreement for an initial 15 day period, on April 27, 2020, a second forbearance agreement for an extended period ending on June 1, 2020, and a third forbearance agreement on June 1, 2020 for an additional period ending June 15, 2020 (collectively, the "Forbearance Agreement") with certain of our financing counterparties (the "Participating Counterparties"). Pursuant to the terms of the Forbearance Agreement, the Participating Counterparties agreed to forbear from exercising any of their rights and remedies in respect of events of default and any and all other defaults under the applicable financing arrangement with us for the duration of the forbearance period specified in the Forbearance Agreement (the "Forbearance Period").

On June 10, 2020, we and the Participating Counterparties entered into a Reinstatement Agreement, pursuant to which the parties agreed to terminate the Forbearance Agreement and each Participating Counterparty agreed to permanently waive all existing and prior events of default under its financing agreements with us (each, a "Bilateral Agreement" and to reinstate each Bilateral Agreement, as it may be amended by agreement between the Participating Counterparty and us. As a result of the termination of the Forbearance Agreement and entry into the Reinstatement Agreement, default interest on our outstanding borrowings under each Bilateral Agreements has ceased to accrue as of June 10, 2020 and the interest rate was the non-default rate of interest or pricing rate, as set forth in the applicable Bilateral Agreements, all cash margin has been applied to outstanding balances owed by us, and the DTC repo tracker coding for each Bilateral Agreement has been reinstated, thereby allowing principal and interest payments on the underlying collateral to flow to and be used by us, just as it was before the prior forbearance agreements were put in place. In addition, pursuant to the terms of the Reinstatement Agreement, the security interests granted to Participating Counterparties as additional collateral under the various forbearance agreements have been terminated and released. We also agreed to pay the reasonable fees and out-of-pocket expenses of counsel and other professional advisors for the Participating Counterparties and the collateral agent. Additionally, the Reinstatement Agreement provided a set of financial covenants that override and replace the financial covenants in each Bilateral Agreement and sets forth various reporting requirements from us to the Participating Counterparties, releases, certain netting obligations and cross-default provisions. In connection with the negotiation and execution of the Reinstatement Agreement, we entered into certain amendments to the Bilateral Agreements with certain of the Participating Counterparties to reflect current market terms. In general, the amendments reflect increased haircuts and higher coupons.

On June 10, 2020, we also entered a separate reinstatement agreement with JPMorgan Chase Bank (the "JPM Reinstatement Agreement") on substantially the same terms as those set forth in the Reinstatement Agreement. The Reinstatement Agreement and the JPM Reinstatement Agreement collectively cover all of our existing financing arrangements as of the date of this report.

Refer to Note 12 in the "Notes to Consolidated Financial Statements (unaudited)" for more information on deficiencies that are now settled.

Recourse and non-recourse financing

We utilize both recourse and non-recourse debt to finance our portfolio. Non-recourse financing includes securitized debt and other non-recourse financing. Recourse financing includes the secured debt from our Manager, as further described in the "Contractual obligations–Secured debt" section below, and other recourse financing. The below table provides detail on the breakout between recourse and non-recourse financing as of March 31, 2021 and December 31, 2020 (in thousands):

	March 31, 2021	December 31, 2020
Recourse financing	$ 1,167,731	$ 580,037
Non-recourse financing	422,896	466,294
Total (1)	1,590,627	1,046,331
Recourse financing - Investments in Debt and Equity of Affiliates	35,531	5,597
Non-recourse financing - Investments in Debt and Equity of Affiliates (2)	78,467	111,135
Total Investments in Debt and Equity of Affiliates	113,998	116,732
Total: GAAP Basis	$ 1,476,629	$ 929,599

(1) As of March 31, 2021, total financing includes $1.2 billion of financing arrangements, collateralized by various asset types in our investment portfolio and $344.4 million of securitized debt, collateralized by Re/Non-Performing Loans. As of December 31, 2020, total financing includes $680.8 million of financing arrangements, collateralized by various asset types in our investment portfolio; $355.2 million of securitized debt, collateralized by Re/Non-Performing Loans; and $10.4 million of secured debt.

(2) On January 29, 2021, we and private funds under the management of Angelo Gordon entered into an amendment with respect to our Restructured Financing Arrangement in MATT. The amendment serves to convert the existing financing to a mark-to-market facility with respect to margin calls that is recourse to us and the private funds managed by Angelo Gordon that invest in MATT up to our and each funds' allocation of the $50.0 million commitment to MATH, which is further described in the "Contractual Obligations–MATT Financing Arrangement Restructuring" section below and Note 12 to the "Notes of the Consolidated Financial Statements (unaudited)".

The following table presents a summary of the financing arrangements on our investment portfolio as of March 31, 2021 and December 31, 2020 ($ in thousands).

	March 31, 2021						December 31, 2020
			Weighted Average		Collateral (1)(2)(3)		
	Carrying Value	Stated Maturity	Funding Cost	Life (Years)	Amortized Cost Basis	Fair Value	Carrying Value
Repurchase Agreements							
Repurchase Agreements on Agency RMBS							
30 Year Fixed Rate	$ 874,612	Apr 2021	0.14 %	0.04	$ 944,627	$ 915,423	$ 435,893
Repurchase Agreements on Credit Investments							
Residential							
Non-Agency RMBS (4)	46,249	Apr 2021	2.40 %	0.10	80,402	92,579	37,744
Residential Loans (5)(6)(7)	205,326	Jun 2021 - Jan 2022	2.65 %	0.74	253,098	257,844	25,590
	251,575		2.60 %	0.62	333,500	350,423	63,334
Commercial							
CMBS (8)	18,081	Apr 2021	2.29 %	0.02	35,419	29,439	24,881
Total Repurchase Agreements	1,144,268		0.71 %	0.17	1,313,546	1,295,285	524,108
Revolving Facilities (9)							
Commercial Real Estate Loans (10)(11)	25,950	Aug 2023	3.23 %	2.36	50,663	41,489	63,133
Residential Loans (5)(12)(13)	75,980	Jul 2021 - Jan 2022	2.84 %	0.82	97,252	98,555	93,528
Real Estate Owned	—	N/A	— %	—	—	—	9
Total Revolving Facilities	101,930		2.94 %	1.21	147,915	140,044	156,671
Total: Non-GAAP Basis	$ 1,246,198		0.90 %	0.25	$ 1,461,461	$ 1,435,329	$ 680,779
Investments in Debt and Equity of Affiliates	$ 113,998		2.73 %	0.58	$ 167,554	$ 176,383	$ 116,732
Total: GAAP Basis	$ 1,132,200		0.71 %	0.22	$ 1,293,907	$ 1,258,946	$ 564,047

(1) We also had $6.1 million of cash pledged under repurchase agreements as of March 31, 2021, which included $44.2 thousand pledged under repurchase agreements held at Investments in Debt and Equity of Affiliates.
(2) Under the terms of our financing agreements, our financing counterparties may, in certain cases, sell or re-hypothecate the pledged collateral.
(3) Amounts pledged as collateral under Residential Loans include certain of our retained interests in securitizations. Refer to Note 4 to the "Notes to Consolidated Financial Statements (unaudited)" for more information on the August 2019 VIE and September 2020 VIE.
(4) Includes repurchase agreements on Prime, Alt-A/Subprime, Credit Risk Transfer, Interest-Only and Excess MSR, Re/Non-Performing Loans, and Non-QM Loans held in securitized form.
(5) Includes financing on Re/Non-Performing Loans, and Non-QM Loans not held in securitized form.
(6) Our Residential Loan financing arrangements include a maximum uncommitted borrowing capacity of $250 million on a facility used to finance Non-QM Loans. Subsequent to quarter end, we amended this financing arrangement to increase the maximum uncommitted borrowing capacity to $400 million.
(7) The funding cost includes deferred financing costs. The stated rate on the Residential Loans repurchase agreements was 2.58% as of March 31, 2021.
(8) Includes repurchase agreements on Conduit, Single-Asset/Single-Borrower, Freddie Mac K-Series, and Interest-Only investments.
(9) All revolving facilities listed are interest only until maturity.
(10) The funding cost includes deferred financing costs. The stated rate on the Commercial Real Estate Loans revolving facility was 2.19% as of March 31, 2021.
(11) The maximum uncommitted borrowing capacity on the Commercial Real Estate Loans revolving facility is $100 million.
(12) The funding cost includes deferred financing costs. The stated rate on the Residential Loans revolving facilities was 2.73% as of March 31, 2021.
(13) The maximum uncommitted borrowing capacity on the Residential Loans revolving facility is $111.6 million.

Other financing transactions

In addition to our financing arrangements, we also finance our Re/Non-performing loans with securitized debt. From time to time, we enter into securitization transactions of certain Re/Non-performing loans where special purpose entities ("SPEs") are created to facilitate the transactions. These SPEs are considered variable interest entities ("VIEs"), which should be consolidated under ASC 810-10. As of March 31, 2021 and December 31, 2020, we have recorded secured financing in connection with these VIEs of $344.4 million and $355.2 million, respectively, on the consolidated balance sheets in the "Securitized debt, at fair value" line item. See Note 2 and Note 4 to the "Notes to Consolidated Financial Statements (unaudited)" for more detail on securitized debt and our consolidated VIEs.

Leverage

We define GAAP leverage as the sum of (1) our GAAP financing arrangements, net of any restricted cash posted on such financing arrangements, (2) the amount payable on purchases that have not yet settled less the financing remaining on sales that have not yet settled, and (3) securitized debt, at fair value. We define Economic Leverage, a non-GAAP metric, as the sum of: (i) our GAAP leverage, exclusive of any fully non-recourse financing arrangements, (ii) financing arrangements held through affiliated entities, net of any restricted cash posted on such financing arrangements, exclusive of any financing utilized through AG Arc, any adjustment related to unsettled trades as described in (2) in the previous sentence, and any non-recourse financing arrangements and (iii) our net TBA position (at cost), if any.

The calculations in the tables below divide GAAP leverage and Economic Leverage by our GAAP stockholders' equity to derive our leverage ratios. The following tables present a reconciliation of our Economic Leverage ratio back to GAAP ($ in thousands).

March 31, 2021	**Leverage**	**Stockholders' Equity**	**Leverage Ratio**
GAAP Leverage	$ 1,470,528	$ 455,305	3.2x
Financing arrangements through affiliated entities	113,954		
Non-recourse financing arrangements	(422,896)		
Economic Leverage	$ 1,161,586	$ 455,305	2.6x

(1) Non-recourse financing arrangements include securitized debt and other non-recourse financing held within MATT.

December 31, 2020	**Leverage**	**Stockholders' Equity**	**Leverage Ratio**
GAAP Leverage	$ 979,303	$ 409,705	2.4x
Financing arrangements through affiliated entities	116,688		
Non-recourse financing arrangements	(466,294)		
Economic Leverage	$ 629,697	$ 409,705	1.5x

(1) Non-recourse financing arrangements include securitized debt and other non-recourse financing held within MATT.

Hedging activities

Subject to maintaining our qualification as a REIT and our Investment Company Act exemption, to the extent leverage is deployed, we may utilize derivative instruments in an effort to hedge the interest rate risk associated with the financing of our portfolio. 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 short-term interest rates. We may utilize interest rate swaps, swaption agreements, and other financial instruments such as short positions in U.S. Treasury securities. In addition, we may utilize Eurodollar Futures, U.S. Treasury Futures, British Pound Futures and Euro Futures (collectively, "Futures"). 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. See Note 7 in the "Notes to Consolidated Financial Statements (unaudited)" for more information.

Dividends

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 required 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.

As described above, our distribution requirements are based on taxable income rather than GAAP net income. 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 for that tax year, typically in October of the following year. We did not have any undistributed taxable income as of March 31, 2021. Refer to the "Results of operations" section above for more detail.

On March 27, 2020, we announced that our Board of Directors approved a suspension of our quarterly dividends on our Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock, beginning with the preferred dividend that would have been declared in May 2020, in order to conserve capital and improve its liquidity position during the market volatility due to the COVID-19 pandemic, as well as a suspension of the quarterly dividend on the common stock, beginning with the dividend that normally would have been declared in March 2020. Under the terms of the Articles Supplementary governing our series of preferred stock, we cannot pay cash dividends with respect to our common stock if dividends on our preferred stock are in arrears.

On December 17, 2020, we paid our Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock dividends that were in arrears as well as the full dividends payable on the preferred stock for the fourth quarter of 2020 in the amount of $1.54689, $1.50 and $1.50 per share, respectively. On December 22, 2020, our Board of Directors declared a dividend of $0.03 per common share for the fourth quarter 2020 which was paid on January 29, 2021 to shareholders of record at the close of business on December 31, 2020. During the first quarter of 2021, we declared its preferred and common dividends in the ordinary course of business.

The following table details our common stock dividends declared during the three months ended March 31, 2021:

2021			
Declaration Date	**Record Date**	**Payment Date**	**Cash Dividend Per Share**
3/22/2021	4/1/2021	4/30/2021	$ 0.06

We did not declare any common stock dividends during the three months ended March 31, 2020.

The following tables detail our preferred stock dividends declared and paid during the three months ended March 31, 2021 and March 31, 2020:

2021			**Cash Dividend Per Share**		
Declaration Date	**Record Date**	**Payment Date**	**8.25% Series A**	**8.00% Series B**	**8.000% Series C**
2/16/2021	2/26/2021	3/17/2021	$ 0.51563	$ 0.50	$ 0.50

2020			**Cash Dividend Per Share**		
Declaration Date	**Record Date**	**Payment Date**	**8.25% Series A**	**8.00% Series B**	**8.000% Series C**
2/14/2020	2/28/2020	3/17/2020	$ 0.51563	$ 0.50	$ 0.50

Liquidity and capital resources

Our liquidity determines our ability to meet our cash obligations, including distributions to our stockholders, payment of our expenses, financing our investments and satisfying other general business needs.

Our principal sources of cash as of March 31, 2021 consisted of borrowings under financing arrangements, principal and interest payments we receive on our investment 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, 2021, we had $51.6 million of liquidity, which consisted entirely of cash. Refer to the "Contractual obligations" section of this Item 2 for additional obligations that could impact our liquidity.

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 transactions 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, when owned, 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. Typically, 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 the residential mortgage market. 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 may 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.

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 value declines. This typically occurs when prevailing market rates change adversely, with the severity of the change also dependent on the terms of the derivatives involved. We may also receive margin calls on our derivatives based on the implied volatility of interest rates. 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. Refer to the "Liquidity risk – derivatives" section of Item 3 below for a further discussion on margin.

Refer to the "Financing activities–Forbearance and Reinstatement Agreements" section above for information on the impact of COVID-19 on margin calls in 2020.

Cash Flows

The below details changes to our cash, cash equivalents, and restricted cash for the three months ended March 31, 2021 and March 31, 2020 (in thousands).

	Three Months Ended		
	March 31, 2021	March 31, 2020	Change
Cash and cash equivalents and restricted cash, Beginning of Period	$ 62,318	$ 125,369	$ (63,051)
Net cash provided by (used in) operating activities (1)	6,477	7,431	(954)
Net cash provided by (used in) investing activities (2)	(526,454)	1,976,276	(2,502,730)
Net cash provided by (used in) financing activities (3)	549,205	(1,975,294)	2,524,499
Net change in cash and cash equivalents and restricted cash	29,228	8,413	20,815
Effect of exchange rate changes on cash	9	(83)	92
Cash and cash equivalents and restricted cash, End of Period	$ 91,555	$ 133,699	$ (42,144)

(1) Cash provided by operating activities is primarily attributable to net interest income less operating expenses for the three months ended March 31, 2021 and 2020, respectively.

(2) Cash used in investing activities for the three months ended March 31, 2021 was primarily attributable to purchases of investments less sales of investments and principal repayments of investments. Cash provided by investing activities for the three months ended March 31, 2020 was primarily attributable to sales of investments and principal repayments of investments, offset by purchases of investments. The difference period over period is primarily due to significant sales in 2020 as a result of the global COVID-19 pandemic.

(3) Cash provided by financing activities for the three months ended March 31, 2021 was primarily attributable to borrowings under financing arrangements offset by repayments of financing arrangements and dividend payments. Cash used in financing activities for the three months ended March 31, 2020 was primarily attributable to repayments of financing arrangements offset by borrowings under financing arrangements. The difference period over period is primarily due to a reduction in financing arrangements as a result of significant sales in 2020 due to the global COVID-19 pandemic.

Equity distribution agreements

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, 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 our securities, including capital stock (the "2018 Registration Statement"). For the three months ended March 31, 2021, we issued 2.2 million shares of common stock under the Equity Distribution Agreements for net proceeds of approximately $10.0 million. For the three months ended March 31, 2020, we did not issue any shares of common stock under the Equity Distribution Agreements. Since inception of the program, we have issued approximately 5.8 million shares of common stock under the Equity Distribution Agreements for gross proceeds of $45.0 million.

Exchange Offers

On March 17, 2021, we agreed to issue an aggregate of 2,812,388 shares of our common stock in exchange for 153,325 shares of Series A Preferred Stock and 350,609 shares of Series B Preferred Stock, pursuant to a privately negotiated exchange agreement with existing holders of the preferred stock. After the transaction closed, the Series A Preferred Stock and Series B Preferred Stock exchanged pursuant to the exchange agreement were reclassified as authorized but unissued shares of preferred stock without designation as to class or series.

As of March 31, 2021, we had outstanding 1,663,193 shares of Series A Preferred Stock, 3,814,119 shares of Series B Preferred Stock, and 3,883,178 shares of Series C Preferred Stock outstanding.

Common stock issuance to the Manager

Refer to "Contractual obligations–Management agreement" below for more detail related to the Second Management Agreement Amendment.

Forward-looking statements regarding liquidity

Based upon our current portfolio, leverage and available borrowing arrangements, we believe 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 a management 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, 2021 and 2020, we incurred management fees of approximately $1.7 million and $2.1 million, respectively. As of March 31, 2021 and December 31, 2020, we have recorded management fees payable of $1.7 million.

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 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 $4.0 million and $0.9 million of Other operating expenses for the three months ended March 31, 2021 and 2020, respectively, we have incurred $1.5 million and $2.0 million, respectively, representing a reimbursement of expenses. As of March 31, 2021 and December 31, 2020, we recorded a reimbursement payable to our Manager of $1.5 million and $1.8 million, respectively. For the year ended December 31, 2021, the Manager agreed to waive its right to receive expense reimbursements of $0.8 million.

On April 6, 2020, we executed an amendment to the management agreement, pursuant to which the Manager agreed to defer our payment of the management fee and reimbursement of expenses, effective the first quarter of 2020 through September 30, 2020. All deferred expense reimbursements were paid as of September 30, 2020.

On September 24, 2020, we executed an amendment (the "Second Management Agreement Amendment") to the management agreement, pursuant to which the Manager agreed to receive a portion of the deferred base management fee in shares of common stock. Pursuant to the Second Management Agreement Amendment, the Manager agreed to purchase (i) 1,215,370 shares of common stock in full satisfaction of the deferred base management fee of $3.8 million payable by us in respect to the first and second quarters of 2020 and (ii) 154,500 shares of common stock in satisfaction of $0.5 million of the base management fee payable by us in respect to the third quarter of 2020. The shares of common stock issued to the Manager were valued at $3.15 per share based on the midpoint of the estimated range of our book value per share as of August 31, 2020. The remaining third quarter 2020 management fee was paid in the normal course of business.

Secured debt

On April 10, 2020, in connection with the first Forbearance Agreement, we issued a secured promissory note (the "Note") to the Manager evidencing a $10 million loan made by the Manager to us. Additionally, on April 27, 2020, in connection with the second Forbearance Agreement, we entered into an amendment to the Note to reflect an additional $10 million loan by the Manager to us. The $10 million loan made by the Manager on April 10, 2020 was repaid in full with interest when it matured on March 31, 2021, and the $10 million loan made on April 27, 2020 was repaid in full with interest when it matured on July 27, 2020. The unpaid balance of the Note accrued interest at a rate of 6.0% per annum. Interest on the Note was payable monthly in kind through the addition of such accrued monthly interest to the outstanding principal balance of the Note. The Note and accrued interest on the Note, when outstanding, were included within the due to affiliates amount, which is included within the "Other Liabilities" line item in the consolidated balance sheets.

Share-based compensation

Effective on April 15, 2020 upon the approval of our stockholders at our 2020 annual meeting of stockholders, the 2020 Equity Incentive Plan provides for 2,000,000 shares of common stock to be issued. The maximum number of shares of common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during any fiscal year, shall not exceed $300,000 in total value (calculating the value of any such awards based on the grant date fair value). As of March 31, 2021, 1,857,350 shares of common stock were available to be awarded under the Equity Incentive Plan.

Since our IPO, we have granted an aggregate of 105,794 and 142,650 shares of restricted common stock to our independent directors under our equity incentive plans, dated July 6, 2011 (the "2011 Equity Incentive Plans") and our 2020 Equity Incentive Plan, respectively. As of March 31, 2021, all shares of restricted common stock granted to our independent directors have vested. Further, since our IPO, we have issued 40,250 shares of restricted common stock and 120,000 restricted stock units to our Manager under our 2011 Equity Incentive Plans. As of July 1, 2020, all shares of restricted common stock and restricted stock units granted to our Manager have fully vested.

Unfunded commitments

See Note 12 of the "Notes to Consolidated Financial Statements (unaudited)" for detail on our commitments as of March 31, 2021.

MATT Financing Arrangement Restructuring

See Note 10 and Note 12 of the "Notes to Consolidated Financial Statements (unaudited)" for detail on the MATT Restructured Financing Arrangement and our commitments as of March 31, 2021.

Off-balance sheet arrangements

Our investments in debt and equity of affiliates primarily consist of real estate securities, 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.

In addition to our investments in debt and equity of affiliates described above, we also have commitments outstanding on certain loans. For additional information on our commitments as of March 31, 2021, refer to Note 12 of the "Notes to Consolidated Financial Statements (unaudited)." Exclusive of our investments in debt and equity of affiliates described above, we do not expect these commitments, taken as a whole, to be significant to, or to have a material impact on, our overall liquidity or capital resources or our operations.

Critical accounting policies

We prepare our consolidated financial statements in conformity with GAAP, which requires the use of estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based, in part, on our judgment and assumptions regarding various economic conditions that we believe are reasonable based on facts and circumstances existing at the time of reporting. We believe that the estimates, judgments and assumptions utilized in the preparation of our consolidated financial statements are prudent and reasonable. Although our estimates contemplate conditions as of March 31, 2021 and how we expect them to change in the future, it is reasonably possible that actual conditions could be different than anticipated in arriving at those estimates, which could materially affect reported amounts of assets, liabilities and accumulated other comprehensive income at the date of the consolidated financial statements and the reported amounts of income, expenses and other comprehensive income during the periods presented.

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. A discussion of the critical accounting policies and the possible effects of changes in estimates on our consolidated financial statements is included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2020 and in Note 2 to the "Notes to Consolidated Financial Statements (unaudited)." Our most critical accounting policies are believed to include (i) Valuation of financial instruments, (ii) Accounting for real estate securities, (iii) Accounting for loans, (iv) Interest income recognition, and (v) Financing arrangements.

See Note 2 to the "Notes to Consolidated Financial Statements (unaudited)" for more detail on these critical accounting policies. These 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 third-party pricing of our assets at each-quarter end to arrive at what we believe to be reasonable estimates of fair value, whenever available. For more information on our fair value measurements, see Note 5 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. Under Section 3(a)(1)(A) of the Investment Company Act, a company is an investment company if it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Under Section 3(a)(1)(C) of the Investment Company Act, a company is deemed to be an investment company if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire "investment securities" having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (the "40% Test"). "Investment securities" do not include, among other things, U.S. government securities, and securities issued by majority-owned subsidiaries that (i) are not investment companies and (ii) are not relying on the exceptions from the definition of investment company provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act (the so called "private investment company" exemptions). As of December 31, 2020 and for the three months ended March 31, 2021, we determined that we maintained compliance with the 40% test requirements.

If we failed to comply with the 40% Test or another exemption 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, in order to maintain our exempt status, we monitor our subsidiaries' compliance with Section 3(c)(5)(C) of the Investment Company Act, which exempts from the definition of "investment company" entities primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. The staff of the Securities and Exchange Commission, or the SEC, generally requires an entity relying on Section 3(c)(5)(C) to invest at least 55% of its portfolio in "qualifying assets" and at least another 25% in additional qualifying assets or in "real estate-related" assets (with no more than 20% comprised of miscellaneous assets). As of December 31, 2020 and for the three months ended March 31, 2021, we determined that our subsidiaries 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, 2020. We also calculate that a sufficient portion of our revenue qualifies for the 75% gross income test and for the 95% gross income test rules for the year ended December 31, 2020. 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 stock and the distribution of our taxable income. Therefore, for the year ended December 31, 2020, 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, real estate, credit and basis risk. While we do not seek to avoid risk completely, we seek to assume risk that can be reasonably 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. Many of these risks have become particularly heightened due to the COVID-19 pandemic and related economic and market conditions.

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 investment portfolio 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 investment portfolio and borrowings. Our hedging techniques can be highly complex, and the value of our investment portfolio and derivatives may be adversely affected as a result of changing interest rates.

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 may cause us to enter 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 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 represent 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 our 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. Duration does not include our investment in AG Arc LLC.

The following chart details information about our duration gap as of March 31, 2021:

Duration (1)	Years
Agency RMBS	3.47
Residential Loans (2)	0.88
Hedges	(4.05)
Subtotal	0.30
Credit Investments, excluding Residential Loans (2)	0.16
Duration Gap	**0.46**

(1) Duration related to financing arrangements is netted within its respective line items.
(2) Residential Loans include Re/Non Performing Loans, Non-QM Loans, and Land Related Financing.

The following table quantifies the estimated percent changes in GAAP equity, the fair 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 existing as of March 31, 2021. 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 result in percentage changes 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, 2021, 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 Value as a Percentage of GAAP Equity	Change in Fair Value as a Percentage of Assets	Percentage Change in Projected Net Interest Income (3)
75	(2.3)%	(0.5)%	1.1 %
50	(1.3)%	(0.3)%	0.8 %
25	(0.5)%	(0.1)%	0.4 %
(25)	0.3 %	0.1 %	(2.9)%
(50)	0.1 %	— %	(9.2)%
(75)	(0.3)%	(0.1)%	(15.7)%

(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, 2021.

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 value of our assets, GAAP equity and net income.

Liquidity risk

Our primary liquidity risk arises from financing long-maturity assets with shorter-term financings 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) maintaining relationships with a broad number of financing counterparties and (ii) monitoring the ongoing financial stability of our financing counterparties.

As discussed throughout this report, the COVID-19 pandemic-driven disruptions in the real estate, mortgage and financial markets have negatively affected and may continue to negatively affect our liquidity. During the three months ended March 31, 2020, we observed a mark-down of a portion of our assets by the counterparties to our repurchase agreements, resulting in us having to pay cash or additional securities to counterparties to satisfy margin calls that were well beyond historical norms. To conserve capital, protect assets and to pause the escalating negative impacts caused by the market dislocation and allow the markets for many of our assets to stabilize, on March 20, 2020 we notified our repurchase agreement counterparties that we did not expect to fund the existing and anticipated future margin calls under our repurchase agreements and commenced discussions with our counterparties with regard to entering into forbearance agreements.

In response to these conditions, we sold assets, reduced the amount of our outstanding financing arrangements and the number of our financing counterparties, and entered into forbearance agreements with our largest financing counterparties. As previously described, on June 10, 2020, we entered into a Reinstatement Agreement, pursuant to which the parties thereto agreed to terminate the Forbearance Agreement and to permanently waive all existing and prior events of default under our financing agreements and to reinstate each Bilateral Agreement, as each may be amended by agreement. For additional information related to the Forbearance Agreement and the Reinstatement Agreement, see Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Financing activities.

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, 2009 and more recently in March of 2020, our financing arrangement counterparties may increase our margin requirements on new financings, including repurchase transactions that we roll at maturity with the same counterparty. This 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 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 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. Hence, as our swaps 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 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 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 and our counterparties were forced to unwind the swap. 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.

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 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. Given the combination of low interest rates, government stimulus and high unemployment, and other disruptions related to the COVID-19 pandemic, it has become more difficult to predict prepayment levels for the securities in our portfolio.

Credit risk

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, 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.

Concern surrounding the ongoing COVID-19 pandemic and certain of the actions taken to reduce its spread have caused and may continue to cause business shutdowns, limitations on commercial activity and financial transactions, labor shortages, supply chain interruptions, increased unemployment and property vacancy and lease default rates, reduced profitability and ability for property owners to make loan, mortgage and other payments, and overall economic and financial market instability, all of which may cause an increase in credit risk of our credit sensitive assets. Any future period of payment deferrals, forbearance, delinquencies, defaults, foreclosures or losses will likely adversely affect our net interest income from residential loans, mezzanine loans and RMBS and CMBS investments, the fair value of these assets, our ability to liquidate the collateral that may underlie these investments and obtain additional financing and the future profitability of our investments. Further, in the event of delinquencies, defaults and foreclosure, regulatory changes and policies designed to protect borrowers and renters may slow or prevent us from taking remediation actions.

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.

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, 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.

Basis risk

Basis risk refers to the possible decline in book value triggered by the risk of incurring losses on the fair value of Agency RMBS as a result of widening market spreads between the yields on Agency RMBS and the yields on comparable duration Treasury securities. The basis risk associated with fluctuations in fair value of 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.

Capital Market Risk

We are exposed to risks related to the equity capital markets, and our related ability to raise capital through the issuance of our common stock, preferred stock or other equity instruments. We are also exposed to risks related to the debt capital markets, and our related ability to finance our business through revolving facilities or other debt instruments. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore may require us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing, and terms of capital we raise.

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, 2021. 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, 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.

(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.

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, proceedings and settlements. 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, 2020 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.

On January 4, 2021, in connection with our non-employee director compensation policy, the Company granted an aggregate of 22,330 shares of restricted common stock to its independent directors under the Company's 2020 Equity Incentive Plan in a private transaction exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The shares of restricted common stock were fully vested upon grant.

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 the Company's 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 the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 8, 2017.
3.3	Amended and Restated Bylaws of AG Mortgage Investment Trust, Inc., incorporated by reference to Exhibit 3.2 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 the Company's Current Report on 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 the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 24, 2012.
3.6	Articles Supplementary of 8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.5 of the Company's Registration Statement on Form 8-A12B, filed with the Securities and Exchange Commission on September 16, 2019.
4.1*	Specimen Common Stock Certificate of AG Mortgage Investment Trust, Inc.
4.2	Specimen 8.25% Series A Cumulative Redeemable Preferred Stock Certificate, incorporated by reference to Exhibit 4.1 of the Company's Current Report on 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 the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 24, 2012.
4.4	Specimen 8.000% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate, incorporated by reference to Exhibit 3.9 of the Company's Registration Statement on Form 8-A12B, filed with the Securities and Exchange Commission on September 16, 2019.
10.1*†	AG Mortgage Investment Trust, Inc. 2020 Equity Incentive Plan

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 Anthony W. Rossiello 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 Anthony W. Rossiello 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
104	Cover Page Interactive Data File (formatted as Inline XBRL)

* Filed herewith.

† 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 7, 2021	By:	/s/ DAVID N. ROBERTS
		David N. Roberts
		Chief Executive Officer (principal executive officer)
May 7, 2021	By:	/s/ ANTHONY W. ROSSIELLO
		Anthony W. Rossiello
		Chief Financial Officer (principal financial officer and principal accounting officer)

Number *0*   Shares *0*

SEE REVERSE FOR IMPORTANT NOTICE
ON TRANSFER RESTRICTIONS
AND OTHER INFORMATION

THIS CERTIFICATE IS TRANSFERABLE   CUSIP ___________
IN THE CITIES OF _________________

AG MORTGAGE INVESTMENT TRUST, INC.
a Corporation Formed Under the Laws of the State of Maryland

THIS CERTIFIES THAT **Specimen** is the owner of **Zero (0)** fully paid and nonassessable shares of Common Stock, $0.01 par value per share, of

AG MORTGAGE INVESTMENT TRUST, INC.

(the "Corporation") transferable on the books of the Corporation by the holder hereof in person or by its duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the charter of the Corporation (the "Charter") and the Bylaws of the Corporation and any amendments or supplements thereto. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed on its behalf by its duly authorized officers.

DATED: __________________

Countersigned and Registered:
Transfer Agent   ____________________________________(SEAL)
and Registrar   President

By:___________________________   ____
Authorized Signature   Secretary

IMPORTANT NOTICE

The Corporation will furnish to any stockholder, on request and without charge, a full statement of the information required by Section 2-211(b) of the Corporations and Associations Article of the Annotated Code of Maryland with respect to the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of the stock of each class which the Corporation has authority to issue and, if the Corporation is authorized to issue any preferred or special class in series, (i) the differences in the relative rights and preferences between the shares of each series to the extent set, and (ii) the authority of the Board of Directors to set such rights and preferences of subsequent series.

The shares represented by this certificate are subject to restrictions on Beneficial and Constructive Ownership and Transfer for the purpose of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended (the "Code"). Subject to certain further restrictions and except as expressly provided in the Corporation's Charter, (i) no Person may Beneficially or Constructively Own shares of the Corporation's Common Stock in excess of 9.8% (in value or number of shares) of the outstanding shares of Common Stock of the Corporation unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (ii) no Person may Beneficially or Constructively Own shares of Capital Stock of the Corporation in excess of 9.8% of the value of the total outstanding shares of Capital Stock of the Corporation, unless such Person is an Excepted Holder (in which case the Excepted Holder Limit shall be applicable); (iii) no Person may Beneficially or Constructively Own Capital Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code or otherwise cause the Corporation to fail to qualify as a REIT; and (iv) no Person may Transfer shares of Capital Stock if such Transfer would result in the Capital Stock of the Corporation being owned by fewer than 100 Persons. Any Person who Beneficially or Constructively Owns or attempts to Beneficially or Constructively Own shares of Capital Stock which causes or will cause a Person to Beneficially or Constructively Own shares of Capital Stock in excess or in violation of the above limitations must immediately notify the Corporation. If any of the restrictions on transfer or ownership are violated, the shares of Capital Stock represented hereby may be automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries or may be void ab initio. In addition, the Corporation may redeem shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that ownership or a Transfer or other event may violate the restrictions described above. All capitalized terms in this legend have the meanings defined in the Charter of the Corporation, as the same may be amended from time to time, a copy of which, including the restrictions on transfer and ownership, will be furnished to each holder of Capital Stock of the Corporation on request and without charge. Requests for such a copy may be directed to the Secretary of the Corporation at its Principal Office.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED, THE CORPORATION MAY REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common UNIF GIFT MIN ACT Custodian _________
TEN ENT - as tenants by the entireties (Custodian) (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common Under the Uniform Gifts to Minors Act of _______________ (State)

FOR VALUE RECEIVED, ________________HEREBY SELLS, ASSIGNS AND TRANSFERS UNTO

(NAME & ADDRESS, INCLUDING ZIP CODE & SS# OR OTHER IDENTIFYING # OF ASSIGNEE)

_____________________________________(________________) shares of stock of the Corporation represented by this Certificate and does hereby irrevocably constitute and appoint

______________________________________ attorney to transfer the said shares on the books of the Corporation, with full power of substitution in the premises.

Dated: _________________________

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY OTHER CHANGE.

AG MORTGAGE INVESTMENT TRUST, INC.
2020 EQUITY INCENTIVE PLAN

1. Purpose. The purpose of the AG Mortgage Investment Trust, Inc. 2020 Equity Incentive Plan is to provide a means through which the Company and its Affiliates may attract and retain key personnel, motivate outstanding performance and to provide a means whereby directors, officers, employees, consultants and advisors (and prospective directors, officers, employees, consultants and advisors) of the Company and its Affiliates, as well as employees of the Manager and its Affiliates who are providing services to the Company and its Affiliates, can acquire and maintain an equity interest in the Company, or be paid incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company and aligning their interests with those of the Company's stockholders.

2. Definitions. The following definitions shall be applicable throughout the Plan.

(a) "Absolute Share Limit" has the meaning given such term in Section 5(b) of the Plan.

(b) "Affiliate" means, with respect to any Person, (i) any other Person that directly or indirectly controls, is controlled by or is under common control with such Person and/or (ii) to the extent provided by the Committee, any person or entity in which such Person has a significant interest. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

(c) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit and Other Stock-Based Award granted under the Plan.

(d) "Award Agreement" means the document or documents by which each Award is evidenced, which may be in written or electronic form.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means:

i. the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate of the Company; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate of the Company; or (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant);

ii. during any period of 24 months, individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

iii. the sale, transfer or other disposition of all or substantially all of the business or assets of the Company and its Subsidiaries to any Person that is not an Affiliate of the Company; or

iv. the consummation of a reorganization, recapitalization, merger, consolidation, or other similar transaction involving the Company (a "Business Combination"), unless immediately following such Business Combination 50% or more of the total voting power of the entity resulting from such Business Combination (or, if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the board of directors (or the analogous governing body) of such resulting entity), is held by the holders of the Outstanding Company Voting Securities immediately prior to such Business Combination.

(g) "Code" means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in the Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.

(h) "Committee" means the Compensation Committee, or any successor committee, or, in the absence of such committee, the Board itself.

(i) "Common Stock" means the Common Stock of the Company, par value $0.01 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).

(j) "Company" means AG Mortgage Investment Trust, Inc., a Maryland corporation, and any successor thereto.

(k) "Date of Grant" means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.

(l) Disability" means, unless in the case of a particular Award the applicable Award Agreement states otherwise, the Company or its Affiliates having cause to terminate a Participant's employment or service on account of "Disability," as defined in any then-existing employment, consulting or other similar agreement between the Participant and the Company or its Affiliates or, in the absence of such an employment, consulting or other similar agreement, a condition entitling the Participant to receive benefits under a long-term disability plan of the Company or its Affiliates, or, in the absence of such a plan, the complete and permanent inability of the Participant by reason of illness or accident to perform the duties of the occupation at which the Participant was employed or served when such disability commenced. Any determination of whether Disability exists in the absence of a long-term disability plan shall be made by the Committee in its sole and absolute discretion.

(m) "Effective Date" means April 15, 2020, subject to obtaining the approval of the Company's stockholders, provided, however, that no fully vested and transferable shares of Common Stock may be issued pursuant to any Awards unless and until the Plan is approved by the Company's stockholders.

(n) "Eligible Director" means a person who is (i) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, with respect to actions intended to obtain an exemption from Section 16(b) of the Exchange Act and (ii) an "independent" director under the rules of the NYSE or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, or a person meeting any similar requirement under any successor rule or regulation.

(o) "Eligible Person" means (i) any individual employed by the Company or its Affiliates; *provided*, *however*, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) any non-officer director of the Company or its Affiliates; (iii) consultant or advisor to the Company or its Affiliates, including Manager Employees, who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act; or (iv) any prospective employees, directors, officers, consultants or advisors who have accepted offers of employment or consultancy from the Company or its Affiliates (and would satisfy the provisions of clauses (i) through (iii) above once he or she begins employment with or providing services to the Company or its Affiliates), who, in the case of each of clauses (i) through (iv) above has entered into an Award Agreement or who has received written notification from the Committee or its designee that they have been selected to participate in the Plan..

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(q) "Exercise Price" has the meaning given such term in Section 7(b) of the Plan.

(r) "Fair Market Value" means, on a given date, (i) if the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported; (ii) if the Common Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last sale basis, the average between the closing bid price and ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Common Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last sale basis, the amount determined by the Committee or the Board to be the fair market value of the Common Stock.

(s) "GAAP" has the meaning given such term in Section 7(d) of the Plan.

(t) "Immediate Family Members" has the meaning given such term in Section 13(b) of the Plan.

(u) "Incentive Stock Option" means an Option which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(v) "Indemnifiable Person" has the meaning given such term in Section 4(e) of the Plan.

(w) "Management Agreement" means that certain Management Agreement, dated as of June 29, 2011, by and between the Company and the Manager, as may be amended, restated, supplemented, replaced or otherwise modified from time to time, pursuant to which the Manager provides management services to the Company and its Subsidiaries.

(x) "Manager" means AG REIT Management LLC., a Delaware limited liability company.

(y) "Manager Employees" means employees of the Manager or its Affiliates.

(z) "Manager Sale" means:

i. the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of the Membership Interests ; *provided*, *however*, that for purposes of this Plan, the following acquisitions shall not constitute a Manager Sale:(I) any acquisition by the Manager or any Affiliate of the Manager; (II) any acquisition by any employee benefit plan sponsored or maintained by the Manager or any Affiliate of the Manager; or (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant) (each of the entities in (I), (II) and (III) being referred to herein as an "Affiliated Entity");

ii. the sale, transfer or other disposition of all or substantially all of the business or assets of the Manager to any Person that is not an Affiliated Entity; or

iii. the consummation of a reorganization, recapitalization, merger, consolidation, or other similar transaction involving the Manager (a "Business Combination"), unless immediately following such Business Combination 50% or more of the total voting power of the entity resulting from such Business Combination is held by Angelo Gordon & Co., L.P. or one or more of its Affiliates.

(aa) "Manager Termination Event" means the termination of the Management Agreement.

(bb) "Membership Interests" means the limited liability company interests of the Manager (and any interests, units or other securities into which such Membership Interests may be converted or into which they may be exchanged).

(cc) "Nonqualified Stock Option" means an Option which is not designated by the Committee as an Incentive Stock Option.

(dd) "Non-Employee Director" means a member of the Board who is not an employee nor officer of the Company or any Subsidiary or otherwise an Eligible Person under the Plan as a result of clause (iii) of the definition of Eligible Person.

(ee) "NYSE" means the New York Stock Exchange.

(ff) "Option" means an Award granted under Section 7 of the Plan.

(gg) "Option Period" has the meaning given such term in Section 7(c) of the Plan.

(hh) "Other Stock-Based Award" means an Award that is granted under Section 10 of the Plan.

(ii) "Participant" means an Eligible Person who has been selected by the Committee or the Board to participate in the Plan and to receive an Award pursuant to the Plan.

(jj) "Performance Criteria" means specific levels of performance of the Company (and/or one or more of the Company's Affiliates, divisions or operational and/or business units, business segments, administrative departments, or any combination of the foregoing) or any Participant, which may be determined in accordance with GAAP or on a non-GAAP basis including, but not limited to, one or more of the following measures: (i) terms relative to a peer group or index; (ii) basic, diluted, or adjusted earnings per share; (iii) sales or revenue; (iv) earnings before interest, taxes, and other adjustments (in total or on a per share basis); (v) cash available for distribution; (vi) basic or adjusted net income; (vii) core earnings; (viii) book value; (ix) stockholders equity; (x)) returns on equity, assets, capital, revenue or similar measure; (xi) level and growth of dividends; (xii) the price or increase in price of Common Stock; (xiii) total shareholder return; (xiv) total assets; (xv) growth in assets, new originations of assets, or financing of assets; (xvi) equity market capitalization; (xvii) reduction or other quantifiable goal with respect to general and/or specific expenses; (xviii) equity capital raised; (xix)) mergers, acquisitions, increase in enterprise value of Affiliates, subsidiaries, divisions or business units or sales of assets of Affiliates, Subsidiaries, divisions or business units or sales of assets; and (xx) any combination of the foregoing. Any one or more of the Performance Criteria may be stated as a percentage of another Performance Criteria, or used on an absolute or relative basis to measure the performance of the Company and/or one or more Affiliates as a whole or any divisions or operational and/or business units, business segments, administrative departments of the Company and/or one or more Affiliates or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Criteria may be compared to the performance of a selected group of comparison companies, or a published or special index that the Committee, in its sole discretion, deems appropriate, or as compared to various stock market indices.

(kk) "Permitted Transferee" has the meaning given such term in Section 13(b) of the Plan.

(ll) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(mm) "Plan" means this AG Mortgage Investment Trust, Inc. 2020 Equity Incentive Plan, as it may be amended and restated from time to time.

(nn) "Prior Plan Award" means any award of equity-based compensation granted under the Prior Plans, which remains outstanding as of the Effective Date.

(oo) "Prior Plans" means the AG Mortgage Investment Trust, Inc. 2011 Equity Incentive Plan and the AG Mortgage Investment Trust, Inc. 2011 Manager Equity Incentive Plan.

(pp) "Qualifying Manager Termination" means a (i) Manager Termination Event that occurs by action of the Company (other than as a result of the breach by the Manager of the Management Agreement), (ii) Manager Termination Event that occurs by action of the Manager as a result of the breach by the Company of the Management Agreement, or (iii) Manager Sale.

(qq) "Restricted Period" means the period of time determined by the Committee during which an Award is subject to restrictions or, as applicable, the period of time within which performance is measured for purposes of determining whether an Award has been earned.

(rr) "Restricted Stock" means Common Stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(ss) "Restricted Stock Unit" means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(tt) "SAR Period" has the meaning given such term in Section 8(c) of the Plan.

(uu) "Securities Act" means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(vv) "Service Recipient" means, with respect to a Participant holding a given Award, either the Company or an Affiliate of the Company by which the original recipient of such Award is, or following a Termination was most recently, principally employed or to which such original recipient provides, or following a Termination was most recently providing, services, as applicable.

(ww) "Stock Appreciation Right" or "SAR" means an Award granted under Section 8 of the Plan.

(xx) "Strike Price" has the meaning given such term in Section 8(b) of the Plan.

(yy) "Subsidiary" means, with respect to any specified Person:

i. any corporation, association or other business entity of which more than 50% of the total voting power of shares of such entity's voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

ii. any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or Subsidiary of such Person, or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

(zz) "Substitute Award" has the meaning given such term in Section 5(e) of the Plan.

(aaa) "Termination" means the termination of a Participant's employment or service, as applicable, with the Service Recipient; provided, however, that with respect to any Participant who is an employee of the Manager or its Affiliates, such Participant shall instead be deemed to undergo a Termination hereunder upon a termination of such Participant's employment with the Manager and its Affiliates.

3. Effective Date; Duration. The Plan shall be effective as of the Effective Date. The expiration date of the Plan, on and after which date no Awards may be granted hereunder, shall be the tenth (10th) anniversary of the Effective Date; *provided, however*, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards. No additional Awards may be granted under the Prior Plans on or following the Effective Date.

4. Administration.

(a) The Committee shall administer the Plan. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan) or the rules of the NYSE or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to (i) qualify for the exemptions provided by Rule 16b-3 promulgated under the Exchange Act or (ii) be granted to the Chief Executive Officer of the Company, if so required, be an Eligible Director. However, the fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

(b) Subject to the provisions of the Plan and applicable law, the Committee shall have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Committee by the Plan or pursuant to the authorization of the Board, to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Common Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled in, or exercised for, cash, shares of Common Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, shares of Common Stock, other securities, other Awards or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Committee; (vii) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any Person or Persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Without limiting the generality of the foregoing, the Committee may delegate to one or more officers of the Company or any Subsidiary the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of, or which is allocated to, the Committee herein, and which may be so delegated as a matter of law, except for grants of Awards to persons who are Non-Employee Directors or otherwise are subject to Section 16 of the Exchange Act.

(d) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, any Award or any Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including, without limitation, the Company, any Affiliate of the Company, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) No member of the Board, the Committee or any employee or agent of the Company (each such Person, an "Indemnifiable Person") shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnifiable

Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made with respect to the Plan or any Award hereunder and against and from any and all amounts paid by such Indemnifiable Person with the Company's approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined, as provided below, that the Indemnifiable Person is not entitled to be indemnified); *provided*, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not become available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts, omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person's fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's Charter or Bylaws. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the Company's Charter or Bylaws, as a matter of law, under an individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold such Indemnifiable Persons harmless.

(f) Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer the Plan with respect to such Awards. Any such actions by the Board shall be subject to the applicable rules of the NYSE or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

5. Grant of Awards; Shares Subject to the Plan; Limitations.

(a) The Committee may, from time to time, grant Awards to one or more Eligible Persons. All Awards granted under the Plan shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee, including, without limitation, attainment of Performance Criteria.

(b) Awards granted under the Plan shall be subject to the following limitations: (i) subject to Section 11 of the Plan, no more than 2,000,000 shares of Common Stock (the "Absolute Share Limit") shall be available for Awards under the Plan; (ii) subject to Section 11 of the Plan, no more than the number of shares of Common Stock equal to the Absolute Share Limit may be issued in the aggregate pursuant to the exercise of Incentive Stock Options granted under the Plan; and (iii) the maximum number of shares of Common Stock subject to Awards granted during a single fiscal year to any Non-Employee Director, taken together with any cash fees paid to such Non-Employee Director during the fiscal year, shall not exceed $300,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

(c) Other than with respect to Substitute Awards, to the extent that an Award or Prior Plan Award expires or is canceled, forfeited or terminated without delivery to the Participant of the full number of shares of Common Stock to which the Award or Prior Plan Award, as applicable, related, the undelivered shares will be returned to the Absolute Share Limit and will again be available for grant under the Plan. Shares of Common Stock shall be deemed to have been issued in settlement of Awards or Prior Plan Awards, as applicable, if the Fair Market Value equivalent of such shares is paid in cash; *provided*, *however*, that no shares shall be deemed to have been issued in settlement of a SAR that only provides for settlement in cash and settles only in cash; *provided, further* that in no event shall such shares increase the number of shares of Common Stock that may be delivered pursuant to Incentive Stock Options granted under the Plan. In no event shall (i) shares tendered or withheld on the exercise of Options or other Award or Prior Plan Award, as applicable, for the payment of the exercise or purchase price or withholding taxes, (ii) shares not issued upon the settlement of a SAR that settles in shares of Common Stock (or could settle in shares of Common Stock), or (iii) shares purchased on the open market with cash proceeds from the exercise of Options, again become available for other Awards under the Plan.

(d) Shares of Common Stock issued by the Company in settlement of Awards may be authorized and unissued shares, shares purchased on the open market or by private purchase or a combination of the foregoing.

(e) Awards may, in the sole discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines ("Substitute Awards"). Substitute Awards shall not be counted against the Absolute Share Limit; *provided*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding options intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code shall be counted against the aggregate number of shares of Common Stock available for Awards of Incentive Stock Options under the Plan. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Common Stock available for issuance under the Plan.

6. Eligibility. Participation in the Plan shall be limited to Eligible Persons.

7. Options.

(a) General. Each Option granted under the Plan shall be evidenced by an Award Agreement, which agreement need not be the same for each Participant. Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Incentive Stock Options shall be granted only to Eligible Persons who are employees of the Company and its Affiliates, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code, *provided* that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan.

(b) Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the exercise price ("Exercise Price") per share of Common Stock for each Option shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant); *provided, however*, that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Affiliate of the Company, the Exercise Price per share shall be no less than 110% of the Fair Market Value per share on the Date of Grant.

(c) Vesting and Expiration. Options shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee. Except as set forth in Sections 11, 13(i) and 13(j) hereto, the Committee shall not accelerate vesting of an Option. Options shall expire after such period, as may be determined by the Committee, not to exceed ten (10) years from the Date of Grant (the "Option Period"); *provided*, that if the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company's insider trading policy (or Company-imposed "blackout period"), then the Option Period shall be automatically extended until the thirtieth (30th) day following the expiration of such prohibition. Notwithstanding the foregoing, in no event shall the Option Period exceed five (5) years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Affiliate of the Company.

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be issued pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. Options which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company (or telephonic instructions to the extent provided by the Committee) in accordance with the terms of the Option accompanied by payment of the Exercise Price. The Exercise Price shall be payable: (i) in cash, check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual delivery of such shares to the Company); *provided*, that such shares of Common Stock are not subject to any pledge or other security interest and have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles ("GAAP")); or (ii) by such other method as the Committee may permit, in its sole discretion, including, without limitation (A) in other property having a fair market value on the date of exercise equal to the Exercise Price; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted "cashless exercise" pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price; or (C) a "net exercise" procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Exercise Price and all applicable required withholding taxes. Any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) the date that is two (2) years after the Date of Grant of the Incentive Stock Option, or (ii) the date that is one (1) year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Common Stock.

(f) Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, as it may be amended from time to time, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

8. Stock Appreciation Rights.

(a) General. Each SAR granted under the Plan shall be evidenced by an Award Agreement. Each SAR so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. Any Option granted under the Plan may include tandem SARs. The Committee also may award SARs to Eligible Persons independent of any Option.

(b) Strike Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the strike price ("Strike Price") per share of Common Stock for each SAR shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant). Notwithstanding the foregoing, a SAR granted in tandem with (or in substitution for) an Option previously granted shall have a Strike Price equal to the Exercise Price of the corresponding Option.

(c) Vesting and Expiration. A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. Solely in the case of a SAR that may be settled in Common Stock, a SAR granted independent of an Option:

i. shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee; and

ii. shall expire in such manner and on such date or dates or upon such event or events as determined by the Committee and shall expire after such period, as may be determined by the Committee, not to exceed ten (10) years from the Date of Grant (the "SAR Period"); *provided* that if the SAR Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company's insider trading policy (or Company-imposed "blackout period"), then the SAR Period shall be automatically extended until the 30th day following the expiration of such prohibition.

Solely in the case of a SAR that may be settled in Common Stock, except as set forth in Sections 11, 13(i) and 13(j) hereto, the Committee shall not accelerate vesting of any such SAR.

(d) Method of Exercise. SARs which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of shares subject to the SAR that is being exercised multiplied by the excess, if any, of the Fair Market Value of one (1) share of Common Stock on the exercise date over the Strike Price, less an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. The Company shall pay such amount in cash, in shares of Common Stock valued at Fair Market Value, or any combination thereof, as determined by the Committee in its sole discretion. Any fractional shares of Common Stock shall be settled in cash.

(f) Substitution of SARs for Nonqualified Stock Options. The Committee shall have the power in its sole discretion to substitute, without the consent of the affected Participant or any holder or beneficiary of SARs, SARs settled in shares of Common Stock (or settled in shares or cash in the sole discretion of the Committee) for outstanding Nonqualified Stock Options, provided that (i) the substitution shall not otherwise result in a modification of the terms of any such Nonqualified Stock Option, (ii) the number of shares of Common Stock underlying the substituted SARs shall be the same as the number of shares of Common Stock underlying such Nonqualified Stock Options and (iii) the Strike Price of the substituted SARs shall be equal to the Exercise Price of such Nonqualified Stock Options; provided, however, that if, in the opinion of the Company's independent public auditors, the foregoing provision creates adverse accounting consequences for the Company, such provision shall be considered null and void..

9. Restricted Stock and Restricted Stock Units.

(a) General. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Each Restricted Stock and Restricted Stock Unit so granted shall be subject to the conditions set forth in this Section 9, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

(b) Stock Certificates and Book-Entry; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued or shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions and, if the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than issued to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, if applicable; and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute and deliver (in a manner permitted under Section 13(a) of the Plan or as otherwise determined by the Committee) an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and blank stock power within the amount of time specified by the Committee, the Award shall be null and void. Subject to the restrictions set forth in this Section 9 and the applicable Award Agreement, a Participant generally shall have the rights and privileges of a stockholder as to shares of Restricted Stock, including, without limitation, the right to vote such Restricted Stock; provided, that if the lapsing of restrictions with respect to any grant of Restricted Stock is contingent on satisfaction of performance conditions (other than, or in addition to, the passage of time), any dividends payable on such shares of Restricted Stock shall be held by the Company and delivered (without interest) to the Participant within fifteen (15) days following the date on which the restrictions on such Restricted Stock lapse (and the right to any such accumulated dividends shall be forfeited upon the forfeiture of the Restricted Stock to which such dividends relate). To the extent shares of

Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company. A Participant shall have no rights or privileges as a stockholder as to Restricted Stock Units.

(c) Vesting. Restricted Stock and Restricted Stock Units shall vest, and any applicable Restricted Period shall lapse, in such manner and on such date or dates or upon such event or events as determined by the Committee. Except as set forth in Sections 11, 13(i) and 13(j) hereto, the Committee shall not accelerate vesting of Restricted Stock or Restricted Stock Units.

(d) Issuance of Restricted Stock and Settlement of Restricted Stock Units.

i. Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall issue to the Participant, or the Participant's beneficiary, without charge, the stock certificate (or, if applicable, a notice evidencing a book-entry notation) evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Committee and attributable to any particular share of Restricted Stock shall be distributed to the Participant in cash or, in the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value (on the date of distribution) equal to the amount of such dividends, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such dividends.

ii. Unless otherwise provided by the Committee in an Award Agreement or otherwise, upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall issue to the Participant or the Participant's beneficiary, without charge, one (1) share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit; *provided, however*, that the Committee may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units; or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of issuing shares of Common Stock in respect of such Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value per share of the Common Stock as of the date on which the Restricted Period lapsed with respect to such Restricted Stock Units. To the extent provided in an Award Agreement, the holder of outstanding Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, in the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends (and interest may, in the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying Restricted Stock Units are settled following the date on which the Restricted Period lapses with respect to such Restricted Stock Units, and, if such Restricted Stock Units are forfeited, the Participant shall have no right to such dividend equivalent payments (or interest thereon, if applicable).

(e) Legends on Restricted Stock. Each certificate, if any, or book entry representing Restricted Stock awarded under the Plan, if any, shall bear a legend or book entry notation substantially in the form of the following, in addition to any other information the Company deems appropriate, until the lapse of all restrictions with respect to such shares of Common Stock:

> TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE AG MORTGAGE INVESTMENT TRUST, INC. 2020 EQUITY INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT, BETWEEN AG MORTGAGE INVESTMENT TRUST, INC. AND PARTICIPANT. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF AG MORTGAGE INVESTMENT TRUST, INC.

10. Other Stock-Based Awards. The Committee may issue unrestricted Common Stock, rights to receive grants of Awards at a future date, and other Awards denominated in or based upon Common Stock (including, without limitation, performance shares or performance units), under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and dependent on such conditions as the Committee shall from time to time in its sole discretion determine. Each Other Stock-Based Award granted under the Plan shall be evidenced by an Award Agreement. Each Other Stock-Based Award so granted shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement or other form evidencing such Award, including, without limitation, those set forth in Section 13(a) of the Plan. Except as set forth in Sections 11, 13(i) and 13(j) hereto, the Committee shall not accelerate vesting.

11. Changes in Capital Structure and Similar Events. Notwithstanding any other provision in this Plan to the contrary, the following provisions shall apply to all Awards granted hereunder:

(a) General. In the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the shares of Common Stock (including, without limitation, a Change in Control); or (ii) unusual or nonrecurring events (including, without limitation, a Change in Control) affecting the Company, any Affiliate of the Company, or the financial statements of the Company or any Affiliate of the Company, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, such that in either case an adjustment is determined by the Committee in its sole discretion to be necessary or appropriate, then the Committee shall make any such proportionate substitution or adjustment, if any, as it deems equitable, including without limitation, adjusting any or all of (A) the Absolute Share Limit, or any other limit applicable under the Plan with respect to the number of Awards which may be granted hereunder; (B) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) which may be issued in respect of Awards or with respect to which Awards may be granted under the Plan (including, without limitation, adjusting any or all of the limitations under Section 5 of the Plan); and (C) the terms of any outstanding Award, including, without limitation, (I) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate; (II) the Exercise Price or Strike Price with respect to any Award; or (III) any applicable performance measures (including, without limitation, Performance Criteria); *provided*, that in the case of any "equity restructuring" (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring. Any adjustment under this Section 11 shall be conclusive and binding for all purposes.

(b) Change in Control. Without limiting the foregoing, in connection with any Change in Control, the Committee may, in its sole discretion, provide for any one or more of the following:

i. substitution or assumption of Awards, or to the extent the surviving entity (or Affiliate thereof) is unwilling to permit substitution or assumption of the Awards, full acceleration of the vesting of any time-vested Awards, and acceleration of any performance-vested Awards (based on actual performance through the date of such Change in Control and on a pro-rata basis); and/or

ii. cancellation of any one or more outstanding Awards and payment to the holders of such Awards that are vested as of such cancellation (including, without limitation, any Awards that would vest as a result of the occurrence of such event but for such cancellation, including as provided in Section 11(b)(i) above), the value of such Awards, if any, as determined by the Committee (which value, if applicable, may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company in such event), including, without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR (it being understood that, in such event, any Option or SAR having a per share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor).

For purposes of clause (i) above, substitution of an Award may include conversion of the shares of Common Stock underlying such Award into shares of the buyer (or Affiliate thereof), or, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, into cash, property or other securities having an equivalent value as the Award (as determined consistent with clause (ii) above), which conversion shall not affect any continued vesting requirements of the Award. For the avoidance of doubt, any such substitution of an Award shall not provide for the acceleration of any vesting requirements of the Award and no Awards shall vest solely as a result of such substitution. Payments to holders pursuant to clause (ii) above shall be made in cash or, in the sole discretion of the Committee, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Common Stock covered by the Award at such time (less any applicable Exercise Price or Strike Price).

(c) No Automatic Acceleration. No Award Agreement shall provide for automatic acceleration of the vesting of any time-vested Awards or performance-vested Awards upon a Change in Control.

(d) Other Requirements. Prior to any payment or adjustment contemplated under this Section 11, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

(e) Fractional Shares. Any adjustment provided under this Section 11 may provide for the elimination of any fractional share that might otherwise become subject to an Award.

12. Amendments and Termination.

(a) Amendment and Termination of the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided*, that no such amendment, alteration, suspension, discontinuance or termination shall be made without stockholder approval if (i) such stockholder approval is necessary to comply with any regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted) or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under the Plan (except for increases pursuant to Section 5 or 11 of the Plan); (iii) it would materially expand the category of Eligible Persons, extend the period during which new Awards may be granted under the Plan or change the method of determining the Exercise Price or Strike Price; or (iv) delete or limit the prohibition on repricing as provided in Section 12(c) below; *provided*, *further*, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. Notwithstanding the foregoing, no amendment shall be made to Section 12(c) of the Plan without stockholder approval.

(b) Amendment of Award Agreements. The Committee may, to the extent consistent with the Plan and the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant's Termination); provided, that, other than pursuant to Section 11 or the terms of an Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant; *provided, further*, that, except as set forth in

Sections 11, 13(i) and 13(j) hereto, the Committee shall not alter or amend any Award in a manner that would accelerate the vesting of such Award.

(c) No Repricing. Notwithstanding anything in the Plan to the contrary, without stockholder approval, except as otherwise permitted under Section 11 of the Plan, (i) no amendment or modification of the Plan or any Award Agreement may reduce the Exercise Price of any Option or the Strike Price of any SAR or delete or limit the prohibition on repricing as provided by this Section 12(c); (ii) the Committee may not cancel any outstanding Option or SAR (including such Awards with an Exercise Price or Strike Price, as applicable, with a value above the current Fair Market Value of such Award) and replace it with a new Option or SAR (with a lower Exercise Price or Strike Price, as the case may be) or other Award or cash payment that is greater than the intrinsic value (if any) of the cancelled Option or SAR; and (iii) the Committee may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

13. General

(a) Award Agreements. Each Award under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant to whom such Award was granted and shall specify the terms and conditions of the Award and any rules applicable thereto, including, without limitation, the effect on such Award of the death, Disability or Termination of a Participant, or of such other events as may be determined by the Committee. For purposes of the Plan, an Award Agreement may be in any such form (written or electronic) as determined by the Committee (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter) evidencing the Award. The Committee need not require an Award Agreement to be signed by the Participant or a duly authorized representative of the.

(b) Nontransferability.

i. Each Award shall be exercisable only by such Participant to whom such Award was granted during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant (unless such transfer is specifically required pursuant to a domestic relations order or by applicable law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or its Affiliates; *provided*, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

ii. Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to: (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statement promulgated by the Securities and Exchange Commission (collectively, the "Immediate Family Members"); (B) a trust solely for the benefit of the Participant and the Participant's Immediate Family Members; (C) a partnership or limited liability company whose only partners or stockholders are the Participant and the Participant's Immediate Family Members; or (D) a beneficiary to whom donations are eligible to be treated as "charitable contributions" for federal income tax purposes (each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a "Permitted Transferee"); *provided*, that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan. Notwithstanding the foregoing, no Awards may be transferred to a third-party financial institution.

iii. The terms of any Award transferred in accordance with clause (ii) above shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) neither the Committee nor the Company shall be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of a Participant's Termination under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(c) Dividends and Dividend Equivalents. The Committee may, in its sole discretion, provide a Participant as part of an Award with dividends, dividend equivalents, or similar payments in respect of Awards, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee in its sole discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards; provided, that no dividends, dividend equivalents or other similar payments shall be payable in respect of outstanding (i) Options or SARs; or (ii) unearned Awards subject to performance conditions (other than, or in addition to, the passage of time) (although dividends, dividend equivalents or other similar payments may be accumulated in respect of unearned Awards and paid within fifteen (15) days after such Awards are earned and become payable or distributable).

(d) Tax Withholding.

i. As a condition to the grant of any Award, it shall be required that a Participant satisfy, when such taxes are otherwise due with respect to such Award, through a cash payment by the Participant, or in the discretion of the Committee, through deduction or withholding from any payment of any kind otherwise due to the Participant, or through such other arrangements as are satisfactory to the Committee, the amount of all federal, state, and local income and other applicable taxes of any kind required or permitted to be withheld in connection with such Award.

ii. Without limiting the generality of clause (i) above, the Committee may (but is not obligated to), in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying GAAP) having a Fair Market Value equal to such withholding liability; or (B) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, provided that with respect to shares withheld pursuant to clause (B), the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences.

(e) Data Protection. By participating in the Plan or accepting any rights granted under it, each Participant consents to the collection and processing of personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. This data will include, but may not be limited to, data about participation in the Plan and shares offered or received, purchased, or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the Awards were granted) about the Participant and the Participant’s participation in the Plan.

(f) No Claim to Awards; No Rights to Continued Employment; Waiver. No employee of the Company or its Affiliates, or other Person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee’s determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such

Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Company or its Affiliates, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Company or any of its Affiliates may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement. By accepting an Award under the Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under the Plan or any Award Agreement, except to the extent of any provision to the contrary in any written employment contract or other agreement between the Company and its Affiliates and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

(g) International Participants. With respect to Participants who reside or work outside of the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan and create or amend outstanding Awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant the Company or its Affiliates.

(h) Designation and Change of Beneficiary. Each Participant may file with the Committee a written designation of one or more Persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon the Participant's death. A Participant may, from time to time, revoke or change the Participant's beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be the Participant's spouse or, if the Participant is unmarried at the time of death, the Participant's estate.

(i) Termination of a Participant. In the event of a Participant's Termination for any reason (other than due to death or Disability) prior to the time an Award has vested, (A) all vesting with respect to such Participant's Award shall cease, and (B) the unvested portion of any outstanding Award shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination; provided, that, notwithstanding anything contained in the Plan to the contrary, in connection with any Termination, other than for cause (as reasonably defined and determined by the Committee), or due to death or Disability, the Committee shall reasonably determine whether or not to permit a Participant to retain, vest or continue to vest in an Award notwithstanding such Participant's Termination. Any such determination may be set forth in a Participant's Award Agreement or made as an amendment to a Participant's Award Agreement on or before such Termination. In the event of a Participant's Termination due to death or Disability prior to the time an Award has vested, all such unvested Awards held by such Participant shall vest in full upon such death or Disability of the Participant. Except as otherwise provided in an Award Agreement, unless determined otherwise by the Committee at any point following such event: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with one Service Recipient to employment or service with another Service Recipient (or vice-versa) shall be considered a Termination; and (ii) if a Participant undergoes a Termination, but such Participant continues to provide services to the Company and its Affiliates in a non-employee or non-officer capacity, such change in status shall not be considered a Termination for purposes of the Plan. Further, unless otherwise determined by the Committee, in the event that any Service Recipient ceases to be an Affiliate of the Company (by reason of sale, divestiture, spin-off or other similar transaction), unless a Participant's employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction.

(j) Manager Termination Event. In the event of a Qualifying Manager Termination, and notwithstanding any provision of the Plan to the contrary, all outstanding unvested Awards held by Manager Employees shall vest in full as of such Qualifying Manager Termination. In the event of a Manager Termination Event (other than a Qualifying Manager Termination), including by action of the Manager (other than as a result of the breach by the Company of the Management Agreement) or by action of the Company as a result of the breach by the Manager of the Management Agreement, all vesting with respect to all outstanding unvested Awards held by Manager Employees shall cease, and all such outstanding unvested Awards shall be forfeited to the Company for no consideration as of the date of such Manager Termination Event; *provided*, that, notwithstanding anything contained in the Plan to the contrary, in connection with any Manager Termination Event, the Committee shall reasonably determine whether or not to permit a Manager Employee to retain, vest or continue to vest in an Award notwithstanding such Manager Termination Event. Any such determination may be set forth in a Manager Employee's Award Agreement or made as an amendment to a Manager Employee's Award Agreement on or before such Manager Termination Event.

(k) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no Person shall be entitled to the privileges of ownership in respect of shares of Common Stock which are subject to Awards hereunder until such shares have been issued or delivered to such Person.

(l) Government and Other Regulations.

i. The obligation of the Company to settle Awards in shares of Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel (if the Company has requested such an opinion), satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of the Company or any Affiliate of the Company issued under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, the Federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted and any other applicable Federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 9 of the Plan, the Committee may cause a legend or legends to be put on certificates representing shares of Common Stock or other securities of the Company or any Affiliate of the Company issued under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of the Company or any Affiliate of the Company issued under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that the Committee, in its sole discretion, deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

ii. The Committee may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets, illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in accordance with the foregoing, the Company shall, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, (A) pay to the Participant an amount equal to the excess of (I) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or issued, as applicable); over (II) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof, or (B) in the case of Restricted Stock, Restricted Stock Units or Other Stock-Based Awards, provide the Participant with a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Stock-Based Awards, or the underlying shares in respect thereof.

(m) No Section 83(b) Elections Without Consent of the Committee. No election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Committee in writing prior to the making of such election. If a Participant, in connection with the acquisition of shares of Common Stock under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within ten (10) days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

(n) Payments to Persons Other Than Participants. If the Committee shall find that any Person to whom any amount is payable under the Plan is unable to care for the Participant's affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or the Participant's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to the Participant's spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Committee to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(o) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of equity-based awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(p) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate of the Company, on the one hand, and a Participant or other Person, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be obligated to maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other service providers under general law.

(q) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any information, opinion, report, or statement, including any financial statement or other financial data, prepared or presented by any officer or employee of the Company whom the Committee reasonably believes to be reliable and competent in the matters presented; a lawyer, certified public accountant, or other person, as to a matter which the Committee reasonably believes to be within the person’s professional or expert competence; another committee of the Board on which a Committee member does not serve, as to matters within its designated authority, if the Committee reasonably believes such committee to merit confidence; and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.

(r) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan or as required by applicable law.

(s) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Maryland applicable to contracts made and performed wholly within the State of Maryland, without giving effect to the conflict of laws provisions thereof.

(t) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(u) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

(v) Section 409A of the Code.

i. Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any Affiliate of the Company shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. With respect to any Award that is considered "deferred compensation" subject to Section 409A of the Code, references in the Plan to "termination of employment" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as separate payments.

ii. Notwithstanding anything in the Plan to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are "deferred compensation" subject to Section 409A of the Code and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

iii. Unless otherwise provided by the Committee in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered “deferred compensation” subject to Section 409A of the Code) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder; or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of “Disability” pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

(w) Clawback/Forfeiture. Notwithstanding anything to the contrary contained herein, an Award agreement may provide that the Committee may in its sole discretion cancel such Award if the Participant has engaged in or engages in detrimental activity that is in conflict with or adverse to the interest of the Company or any Affiliate of the Company, including, without limitation, fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion. The Committee may also provide in an Award Agreement that if the Participant otherwise has engaged in or engages in any activity referred to in the preceding sentence, all of the Participant’s outstanding awards will be cancelled and/or the Participant will forfeit any gain realized on the vesting or exercise of such Award, and must repay the gain to the Company. The Committee may also provide in an Award agreement that if the Participant receives any amount in excess of what the Participant should have received under the terms of the Award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law.

(x) Expenses; Gender; Titles and Headings. The expenses of administering the Plan shall be borne by the Company and its Affiliates. Masculine pronouns and other words of masculine gender shall refer to both men and women. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

* * *

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 7, 2021

/s/ David N. Roberts

David N. Roberts
Chief Executive Officer

Exhibit 31.2

I, Anthony W. Rossiello, 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 7, 2021

/s/ Anthony W. Rossiello

Anthony W. Rossiello
Chief Financial Officer

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, 2021 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 7, 2021

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony W. Rossiello, 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/ Anthony W. Rossiello
Anthony W. Rossiello
Chief Financial Officer
May 7, 2021